The CREDIT WORLD

Official Publication of the National Retail Credit Association
National in Name---International in Scope

October, 1937 — Vol. XXVI, No. 1

NASHVILLE—"Athens of the South"

Nashville, capital city of Tennessee, is the home of our largest local unit in the South—the Nashville Retail Credit Association, which won a trophy at the Spokane Convention "for outstanding achievement." It is to be the host city for the Joint Conference of our Third and Fourth Districts in February.

Founded In 1912

The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

October, 1937 Vol. XXVI No. 1

EDITORIAL AND EXECUTIVE OFFICES
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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription $2.00 a year, *to members of the National Retail Credit Association only.*

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EDITORIAL COMMENT

By L. S. CROWDER

Let's *Banish* Competition in Terms

THE intensive effort of the past two years on the part of the National Retail Credit Association to educate its retailer members to see the fallacy and pitfalls of over-extension of long-term credit is finally bearing fruit!

Credit executives were quick to see the danger. Last January, in response to our annual question—"What Is the Most Important Retail Credit Problem?"—77.3 per cent answered *"Credit Control."* The Spokane Convention followed through with a unanimous resolution setting maximum terms on installment sales. Other trade organizations, manufacturers, and finance companies quickly followed.

Recently the major finance companies, as well as some of the smaller companies, announced a schedule, effective September 1, in which refrigerator terms were changed from 36 to 30 months, and terms on other appliances were also shortened. One explanation, which seems logical, is that 30 months was decided upon at this time in an effort not to curtail sales, and that in the spring of 1938 terms will be further shortened to 24 months. This is in line with the sound credit policy of the National Retail Credit Association and its resolution passed at Spokane in June.

The following resolution was adopted by the Little Rock merchants, including appliance dealers, July 28, and subsequently by the Retail Credit Association of Arkansas, at its annual meeting in Little Rock, September 20:

WHEREAS, There exists a condition in the selling of certain commodities on the installment plan which is deemed unhealthy from a retailing and finance standpoint; and

WHEREAS, the National Retail Credit Association in Convention assembled in June, 1937, and the National Retail Dry Goods Association in convention assembled in June, 1937, considered and thoroughly discussed the advisability of shortening terms and were in accord that now is the proper time to inaugurate a policy of curtailing the mortgaging of future earnings of the buying public beyond certain limits; and

WHEREAS, the National Retail Credit Association went on record unanimously in recommending a standard of terms in keeping with sound business principles;

THEREFORE, BE IT RESOLVED that this meeting, composed of representatives of finance companies, public utilities, department stores, appliance dealers, and wholesale distributors, recommend to the business and financial interests of Greater Little Rock the following schedule as a standard to be followed:

Recommended Maximum Terms for Installment Sales

Electric Refrigerators	24 months
Radios	12 months
Washing-machines and Ironers	12 months
Stoves, Ranges and Water-heaters	18 months

And further recommends the discontinuance of advertising "No Down Payment" on these articles.

Concerted action on the part of retailers of each community in connection with the adoption of sound installment terms will result in that type of business proving more profitable. Customers will be less inclined to mortgage their future income beyond their ability to pay, *which in turn will result in increased sales of merchandise required for current needs.*

Retailers are urged to agree upon maximum terms of 24 months on electric refrigerators, with a down payment of at least 10 per cent and a suitable carrying charge. In most communities, ½ of 1 per cent per month on the unpaid balance, based on the number of months the contract is to run, is considered a fair carrying charge. It should be *added to* (and not buried in) the selling price.

President J. Gordon Ross, realizing the importance of this subject, has appointed a Committee to consider all phases of installment selling *and particularly installment terms.* The personnel of this Committee follows:

Frank Batty, Hale Bros. Inc., San Francisco, *Chairman.*
Wm. Browne, C. F. Hovey Company, Boston, Mass.
James E. Brice, Sibley, Lindsay & Curr, Rochester, N. Y.
Everett Sumner, Florida Power Corp., St. Petersburg, Fla.
J. A. Smith, D. H. Holmes Co. Ltd., New Orleans, La.
Wallis Slater, The Sterling & Welch Co., Cleveland, Ohio.
D. D. Bolen, Younker Bros. Inc., Des Moines, Iowa.
Ira D. Bloom, Stix, Baer & Fuller Co., St. Louis, Mo.
W. S. Holman, G. A. Stowers Furn. Co., San Antonio, Texas.
Cecil Shaw, Denver Dry Goods Co., Denver, Colo.
Frederic Young, Lipman Wolfe & Co., Portland, Ore.
S. E. Edgerton, Broadway Dept. Store, Los Angeles, Calif.
H. W. Leonard, Joseph Horne Company, Pittsburgh, Pa.
R. O. Bonner, L. S. Ayres & Co., Indianapolis, Ind.

It is recommended that you communicate with the member of the Committee representing your District, giving him your thoughts on the subject, together with suggestions for the consideration and guidance of the Committee. The National Office will also appreciate your suggestions and advice.

Nashville--Conference City For Third and Fourth Districts

By W. HARVEY KING

Member of Staff, Nashville Adjustment Bureau, Nashville, Tenn.; General Publicity Chairman, Nashville Retail Credit Association

THE Annual Conference of the Third and Fourth Districts, composed of the following States—Tennessee, Kentucky, Alabama, Mississippi, Georgia, Louisiana, Florida, North Carolina and South Carolina—will meet in Nashville, Tennessee February 13, 14, 15 and 16, 1938.

There are 15 reasons why you should attend this convention:

1. W. C. Durham of the R. E. Kennington Company, Jackson, Mississippi, President of the Fourth District, and Ralph A. Smith of Chase & Company, Sanford, Florida, President of the Third District, are planning a very interesting and instructive business session.

2. Rhue Roberts of Tinsley's, Inc., Nashville, Tennessee, Vice-President of the Fourth District and President of the Host Association has been as busy as an old hen with three dozen little chickens getting his various committees selected.

3. W. P. (Billie) Smith, Vice-President, Commerce Union Bank, *General Convention Chairman,* and Will E. Wilkerson, of the American National Bank, *Co-Chairman,* are past masters in the handling of conventions. They know just what and when to do everything to make everyone enjoy themselves while in Nashville.

4. Paul A. Green, Attorney, Chairman of the Reception Committee, will greet you the minute you reach our city. Paul has a smile that men respect and women do not forget.

5. Charles K. Taylor of Burk & Company, Chairman of the Hotel Reservations Committee, will be a busy man taking care of the 500 we are planning for. Charlie asks that you cooperate by placing your reservations far in advance.

6. E. B. Thweatt of Keith-Simmons Company, Chairman of the Registration Committee, has already started to work and has secured several registrations. He is asking for advance registrations so that he can have your badge ready when you get here.

7. H. N. Lampley of the Nashville Pure Milk Company, Chairman of the Finance Committee, will be on hand with the Armored Transport Company to help him take care of the money and he will have plenty at $5.00 per person.

8. Charles W. Scheffer of the Scheffer Lumber Company, Chairman of the Decorations Committee, is making friends with all the florists as he wants everything to be shipshape for our guests.

9. P. G. Wright of W. L. Hailey & Company, Chairman of the Banquet Committee, is known as a wheel horse, as P. G. is always ready for work and can do a good job.

10. Hugh L. Reagan of Cain-Sloan Company, Chairman of the Gifts Committee, will be the center of attraction when time comes to do the distributing, but he will have plenty of work to do between now and that time for he wants you to take something home with you to help you remember the "Nashville Bunch."

11. Charles C. ("Honey") Martin of the Nashville Adjustment Bureau, Chairman of the Entertainment Committee, is really "a honey" when it comes to putting on a show. He always has something you will enjoy and remember later. An outstanding orchestra is in the booking. (Paul Whiteman, Rudy Vallee and Cab Calloway are being considered.)

12. Mrs. Lillian Graham of the Eve-Burch Clinic, Chairman of the Ladies Committee, will see that the ladies are all taken care of and enjoy themselves thoroughly.

An Invitation

On the cover page of this magazine is a picture of part of the business district of Nashville, Tenn.

In addition to being the State Capital and a leading Southern business city, Nashville, because of its cultural and educational advantages, has long been known as "The Athens of the South."

On February 13, 14, 15 and 16, 1938, the Third and Fourth Districts of the National Retail Credit Association will sponsor a regional credit conference in that city.

This is a personal invitation to not only the members of these Districts, but to all members of the National as well, to join with us in attending this meeting.

The business program will be interesting and instructive, while the entertainment will be a true example of Southern hospitality at its best.

Our hosts expect an attendance of at least five hundred. *Will you be one of them?*

Make your plans now to attend.—W. C. DURHAM, *President,* Fourth District, National Retail Credit Association.

13. Robert E. Finley of the Nashville Banner, Chairman Newspaper Publicity Committee, will see that we do not get too much mention by the press.

(*Continued on page* 15.)

Postagraph--An Effective Collection Economy

By HOWARD S. DRAPER
Manager, Collection Department, Lit Brothers, Philadelphia, Pa.

COLLECTION Departments in large department stores are confronted with the problem of handling economically and effectively several thousand accounts, ranging from those slightly past due to those requiring personal attention. Form letters, inserts and various types of polite reminders are a very necessary part of early collection procedure, and stationery and postage become major items of expense.

If the credit policy is a liberal one, the number of collection accounts is usually large and does not vary to any considerable extent, because the proportion of new accounts that become collection problems is likely to offset the number eliminated through slow-payment records that have made them undesirable.

The growing increase in the proportion of installment sales, at the expense of cash and open credit sales, brought about largely by the practice of department stores selling non-durable or "soft" merchandise on that basis, has also greatly increased the number of notices and early reminders sent by collection departments ***because installment accounts must be followed much more closely, if effective collection work is to be done, than regular monthly charge accounts.***

While, in my opinion, it is safer to sell "soft" merchandise through granting a specified amount of credit, limited to that amount, on time payments running from four to six months, than it is on either liberalized charge terms through early closing dates and various other "extra-dating" plans (with the difficult problem of economically controlling credit limits where coins are used to authorize credit as well as to identify the customer) or the sale of durable merchandise, such as refrigerators and household appliances on terms running anywhere from twenty-four to thirty-six months, I admit that collecting these accounts is undoubtedly more expensive for two principal reasons:

First: The amount involved not being very large (from $30 to $75) and limited to the amount granted, the credit investigation is likely to be less critical, and to result in a larger percentage of slow-paying accounts.

Second: In many cases it is necessary to have outside collectors contact these delinquent accounts weekly in order to obtain payment, and the amount collected each week is usually relatively small.

With steadily rising costs and many of the elements controlled by legislation (such as minimum wages and the number of working hours), retailers are faced with a very real problem. Since mark-ups are limited by price competition and, therefore, in a measure limit the amount of possible gross profit, merchants must look to a greater efficiency and reduced expenses for more satisfactory net profits.

Non-selling and non-productive divisions are obliged to study all items on the expense budget and wherever savings can be made, without reducing efficiency or effectiveness, they are most likely being made as rapidly as possible.

The most expensive part of collection procedure, in so far as stationery and postage are concerned, applies to early delinquents, because of the large number of accounts in that classification. If regular fill-in form letters, requiring first class postage, are used, these two items of expense—stationery and postage—are marked for special attention.

It was our opinion that less customer-resentment could be expected from early dunning, if the dunning letter were put on a less personal basis than was possible through addressograph fill-ins. We, therefore, began to investigate possibilities of a different form and found that one meeting our requirements was being produced by the Postagraph Company of Baltimore, Md. Shortly thereafter, in May of 1934, we began substituting Postagraphs for some of our early dunning forms.

At first we experimented with our Club Plan Accounts and confined Postagraphs to the preliminary duns. Later, we broadened our scope and tried a few forms in connection with our Monthly Charge Accounts.

In June of 1935, we placed preliminary duns on Postagraphs for the Letter of Credit "soft" merchandise plan, introduced by us in April of the same year.

Our collection system is so arranged that installment accounts, both bailment lease agreements and Letters of Credit, are checked each day. One date is checked for the first time, another date for the second time, and the third date is checked for the third time. In this way, the dates—from the 1st to the 31st—are covered three times a month, notices being mailed at ten-day intervals.

Agreements are made and accounts are filed according to due dates. This greatly facilitates the problem of checking for past due items. Postagraphs are prepared by the Addressograph Department from folio list compiled by the account analyzers.

The effectiveness of these Postagraphs we measure by the number of notices mailed during the series before accounts become collection problems, requiring more personal attention. The ratio, which we have maintained for the past three years without very much variation, is usually 3—2—1; that is, there are three times as many number "1" notices mailed as number "2," and about twice as many number "2" notices as number "3," and from the number "3" list about one-third are transferred to correspondents for regular collection procedure.

Figure 1 (in the plate below) is the third of three notices mailed to lease account customers. With slight variations, these are almost identical with those sent to Letter of Credit accounts. Like all form letters or notices, the phraseology of Postagraphs must be changed at reasonable intervals, so that they will not lose their effectiveness or become almost memorized by customers who fall into the early delinquent classification more than once during the duration of an installment agreement. Postagraphs are economical:

First: Because the postage rate is from two-thirds to one-half less than on regular letters; rates depending on whether the address is local or out of town. Where there are a large number of accounts involved, as in our case, this amounts to a very considerable saving.

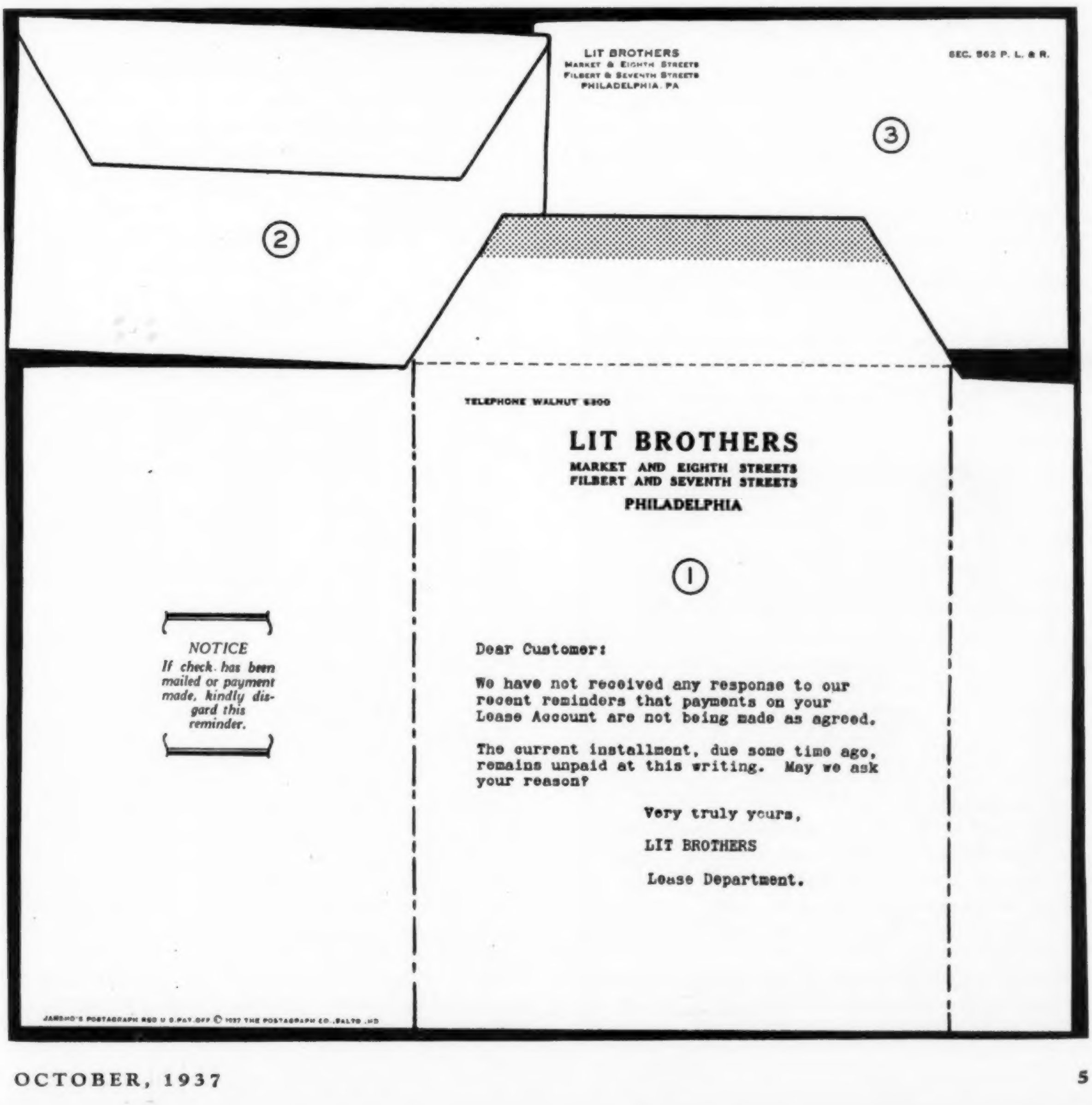
Second: Since there are no fill-ins and only the name and address, done through our Addressograph Department from a prepared folio list, are required, the clerical saving and time element make the use of Postagraphs worth-while, if there were no other savings to be considered.

Third: Being addressed to "Dear Customer," "Dear Madam" or "Dear Sir," the personal element is greatly minimized without in any sense reducing the effectiveness of early notices.

(EDITOR'S NOTE: *Figure 1, in the plate below, shows the inside—or message side—of the Postagraph. In use, the sides are folded in to the dotted lines. Then it is folded in half, the flap is folded down—at upper dotted line—and sealed. Figure 2 shows back, after folding and sealing, while Figure 3 shows the front, ready to be addressed and stamped.)*

We recently experimented with Postagraphs in soliciting additional business for active Letter of Credit Accounts. These Postagraphs, (which are printed on green paper), are mailed to prompt-paying accounts just prior to the date of the final payment. The test made proved sufficiently productive to warrant a continuation of the experiment, which we plan to make during the coming three months—October, November and December.

(*Continued on page 9.*)



Cooperation *With the* Local Association

By MISS MARY E. ALTIZER
Credit Manager, S. H. Heironimus Co., Inc., Roanoke, Va.

AT THE beginning of our discussion of the above subject, I believe it will be well for us to *first* think together on what the Retail Merchants Association *is* and *for what* it *stands.*

Our Roanoke Association was organized in 1898 by a group of our outstanding business men, who felt keenly the *need* of such an organization, and who named the following objectives:

1. The purposes for which the organization is formed are:
   a. The mutual aid and protection of its members.
   b. To gather them in social sessions.
   c. To correct trade abuses.
   d. To promote general good will among the merchants of Roanoke.
   e. To promote the general welfare of the City of Roanoke.
   f. To do any and all things properly within the scope of such an Association for the welfare of its members and of the City.

As a member of this Association, I believe that it lives up to its purposes and objectives.

When we feel inclined to criticize our Association, let us remember that we are its members and it is only as *strong* or as *weak* as we make it. The more information we give, the more we are able to get out of it.

The Retail Merchants Office is to the credit departments of its members just what our traffic signals are to our traffic: When the Green signal is given, it means Go—extend credit and get more business. When the Yellow is given, it means Caution, and credit is watched carefully—not too much extended—and the account is given individual attention. When the Red signal is given, credit is stopped.

We must remember at all times that the above information is available to us *only* when we *give* as well as *get* all possible data.

In speaking of credit, I suppose it is one of the most talked of factors in every line of business today, because it plays such an important part. When you consider that the greatest amount of business is done on a *credit basis,* and out of all the retail business throughout the entire country, from 60 to 70 per cent is done on *credit,* you can appreciate the necessity of *proper credit management.*

There are many angles of credit such as wholesale, commercial, banking, retail, etc., but as I am more familiar with retail credit, I shall confine my remarks entirely to that phase of it.

The study of the credit problem can be divided into two chief factors: 1. Measurement and 2. Protection.

There are two questions which a credit manager can always ask himself when passing on credits: 1. "Can he pay?" and 2. "Will he pay?" The answer is sought by breaking the risk into three factors:

Character—The character of the applicant determines the moral risk. Character is judged from the general history of the applicant, his standing in the community, the position he holds, etc. Character measures the intention or willingness of the applicant to settle his bills. This is one of the outstanding factors to be considered in the granting of credit and one that can be largely depended upon.

Capacity—Capacity is measured by the income or the wealth of the applicant. If he has a position from which he receives an income sufficient to pay his bills, or investments from which he realizes sufficient revenue, this asset determines his capacity. *Capacity measures his ability.*

Cooperation—Cooperation is denoted by promptness and regularity. By calling the Retail Merchants Office these factors can be ascertained. As a usual thing, the manner in which the applicant handles his accounts with other firms will be the manner in which he handles them with you, if you will permit it.

In this connection, I would like to point out the advantages which would be ours if we could have uniform applications for credit, uniform terms and uniform ways in which to handle these things and others in business which give us so much concern, such as:

1. Returned merchandise.
2. Merchandise sent on approval.
3. Adjustments.
4. The turning of regular accounts into installment accounts, and various other problems that could be relieved by closer cooperation of the merchants through the Retail Merchants Association—by each member turning information in promptly.

Most of the outstanding firms in our city, the merchants, specialty shops, shoe stores and ladies' ready-to-wear stores, grocers, bakers, banks, doctors, druggists, loan companies, etc., compose our membership and just think of the wealth of information that can be secured if we, as members, report *our* information to the Association.

Also, our Association is a member of the National Retail Credit Association, which covers the United States and Canada. It is the custom to hold an annual convention in June of each year at which time problems are discussed by the credit granters interested in the same businesses. It has been my privilege to attend these conventions from time to time; the group in which I am particularly interested being the department store group, by which I have been so greatly helped and guided.

In addition to the information which can be secured by attending the National Conventions, as to the policies and plans carried out by credit departments throughout our own country and Canada, it has a monthly publication known as The CREDIT WORLD, which is an education on credit extension and collection problems within itself, a current magazine which is necessary for all credit and collection departments, and one from which much information can be gleaned.

Aside from the trade reports secured by our local association, it issues regular reports on legal records such as marriages, divorces, separations, suits and judgments, newcomers, deaths and, in fact, everything possible to

know about a person, so, why shouldn't we have the very best protection for our credit departments, if we all do our part?

It is the custom of our own credit department to take an application for each new account, asking the applicant to give the desired information and to sign the card. We are very careful to get the complete name and address.

If the applicant has not lived at that address very long, we get the former address; if in business, the type of work done, so that a reasonable idea of what his or her income is may be had; the name and address of a relative, and whether or not real estate is owned; also, the names of three or four firms with whom he has had credit accounts, and the name of the bank used may be had.

Before the interview is terminated, the credit man *must* find out about the *amount of credit* desired. This is very important—an understanding *now* is much better than a misunderstanding *later*. Terms must be carefully explained, whether a regular charge account, terms due and payable within thirty to sixty days, or a budget account with a down payment and the balance in monthly payments over a period of several months.

The interviewer then asks the applicant to wait and she will let her or him know in a very few minutes. We have a private line to the office of the Association—the information which we have secured from the applicant is given to the office of the Association, and credit is not granted until it is cleared by them.

If the information received warrants the opening of an account, we tell the customer we are glad to have his or her account, and that it is now ready for use.

A letter is written to the customer by the Credit Office, thanking him or her for the application and opportunity of service, advising terms.

Understanding and *knowledge* are very important in dealing with people where credit is concerned. We must at all times strive to understand the customer's point of view while we are endeavoring to explain ours to him.

Three old gentlemen, each hard of hearing, were riding together toward London. They passed a small station and one said to the others, "This is Wembley." The second answered, "No, it isn't, it's Thursday." The third, noticing that the other two were talking, said, "Yes, I'm thirsty, too, let's get off and get a drink." This, as you can see, was a case of misunderstanding.

Knowledge is just as essential—one must *know* what he is about to do.

A power plant recently had something go wrong. Their mechanics were called in as well as all engineers, but of no avail. None of them could find the trouble, so it was necessary to call an expert from a nearby city.

He looked the situation over, tapped a wire and all was well again. A bill was sent for his service in the amount of $250.00. Very much disturbed about the size of the bill, as we always are, the power plant asked for an itemized statement, which was sent as follows:

Tapping wire ----------------------	$ 1.00
Knowledge of how and where to tap--	249.00
	$250.00

This expert *had* the knowledge and *used* it.

At the end of each month, a list is sent to the Association, giving names and addresses on all new accounts opened—also, type of account, whether Regular or Budget.

In addition to this, all unsatisfactory accounts are turned over to the Retail Merchants Association, as well as our Profit and Loss Accounts.

A written report is made annually of all accounts on our books with their rating according to the Retail Merchants Association code.

If the information gotten on the customer is not favorable and, in our judgment, we cannot handle an account for him, he is referred to the Retail Merchants Association explaining that, perhaps, they can help him get an unfavorable report adjusted so that he can re-establish his credit. We find this to be a satisfactory solution both to the customer and to ourselves.

If he is anxious to have a good rating, he will be glad to go to the Association Office for an interview. If he does not care to have a good credit rating, we feel that he would not be a desirable credit risk.

I have tried in my limited way, to tell you just what the Retail Merchants' Association does for and means to its members. Also, I've tried to bring to your attention the absolute necessity of cooperation on the part of each of us, as members, in order that the Association may be able to do its work most effectively.

As stated before, the Retail Merchants Association is the *Go—Caution—Stop* sign for credit information on our customers.

Let's always try to work with them for greater protection!

Centralized Control of Branch Store Credit

By E. KANT

General Credit Manager, Ed. Schuster & Co., Inc., Milwaukee, Wis.

RETAIL organizations that are operating more than one store face the task of deciding which of three courses their credit departments are going to follow. First, are they going to operate a complete credit operation at each store? Or, second, are they going to centralize everything and operate as one main store and a series of branches? Or, third, are they going to centralize everything possible yet maintain at each organization sufficient skeleton records and personnel to afford the same type of customer service at each of their stores?

In our organization we have decided upon the latter course. We are maintaining at each of our three stores a complete interviewing and management staff together with a complete authorization file. We have each store connected to the central records by means of telautograph service. This makes it possible to afford practically identical service to customers at all stores in regard to information about their accounts.

In order to effect this type of set-up we decided in the beginning that it was necessary for us to accomplish two very definite organization or management jobs. First, there must be a flexible, well-trained personnel that would allow us to supplement the skeleton force at the stores during periods of peak-buying and large sale days and still not carry a force (during ordinary buying periods) too large to be economical. Second, it required a very definitely planned system covering every possible operation of the credit functions in the department and a follow-up of this operating procedure to assure its being effectively followed at all times.

I will say that this arrangement of ours has allowed us to operate more economically than was possible under our former individual credit units and it has allowed us to control our credit situation much more intelligently. We believe that we have succeeded in offering our customers identical credit service regardless of the store they may patronize.

In outlining our system let me spend a little time first in explaining the set-up of our personnel. Each store has a credit manager with complete authority to open or reject accounts and authorize or refuse purchases that are made. Each store also has sufficient personnel to handle normal interviewing volume and to handle regular volume of "charge-take" authorization.

The store which has the centralization of records maintains, of course, an interviewing and authorization department for its own store and with that is also maintained a complete clerical staff and collection force to handle the work of all of the stores at one place. In order to give proper customer service without a wait it is necessary to have this collection and clerical force so trained that they may be used in peak periods for customer interviewing and customer contact work at other stores.

This may seem expensive—to train an additional ten or fifteen people to handle customer contacts satisfactorily. We have not, however, found it to be such a difficult task as it appears. We have tried to reduce it to a matter of a well-planned training program and a consistent follow-up.

When we were planning our present organization we found our hardest problem to solve to be that of authorization. We could either centralize all calls into one central board or we could maintain authorization equipment and authorization records at each store. Our investigation showed that the cost of wires between our stores was too expensive to consider a central authorization board.

We have, therefore, built up at each of the non-central stores rotary authorization equipment together with a master card for each customer of that store. Each time that the customer's account comes up for attention they immediately obtain an up-to-date rating of the account and add that to the record which they had previously compiled.

If a case of authorization is presented which cannot be handled from the information on file at that store, a message is immediately written over the telautograph and an answer is returned in an average time of slightly over one minute. In an effort to keep all our records showing cur-

—*Courtesy Telautograph Corporation.*

"The Telautograph . . . affords us the opportunity of having the desired information conveyed from the central records in a minimum of time."

rent authorization information, all notices that change in any way the credit granting on accounts are made out in triplicate with a copy sent to each store. This includes notations of closed accounts, changes of authorized buyers, limits, maximum of credit, etc.

Originally we were concerned about our ability to properly handle collection interviews without having the ledger and all collection correspondence available when the customer came in. We have found, however, that a few properly directed questions in a majority of cases will obtain from the customer a story as complete and as honest as you could obtain from careful perusal of the ledger and all correspondence with the customer.

However, when those cases arrive when it is necessary for us to have further information, the telautograph again serves this purpose and affords us the opportunity of having the desired information conveyed from the central records in a minimum of time.

We stated in the early part of this article that the Credit Manager of each store had complete authority to authorize or reject any account, but that the clerical work connected with the opening was handled from the central store. In order to do this we take our applications in duplicate.

The original copy of the application is retained in the file of the store in which the account originated and to this original application is attached all credit information upon which the final decision to authorize or reject the account will be made. After this information is collected the Credit Manager either authorizes or rejects the account and forwards the original application together with his rejection or acceptance to the central office.

The duplicate copy of the application, however, is sent to the central office immediately upon taking and there it is forwarded to the Addressograph Department where the addressograph plate is cut and the master envelope, installment book (if an installment account), rotary slip, and other file material are imprinted.

This material attached to the duplicate application is then all held in an alphabetical file in the Credit Department until the original application properly authorized is forwarded to the same application clerk. The original and duplicate are then attached and from these the customer is notified, the material properly sorted, filed, and the record of the account officially started.

It is necessary in order to make this type of an organization effective to have a plan of transportation between stores that allows the transfer of material from one store to the other without a great lapse of time. This is a simple matter of planning and is easily handled.

Simplicity and uniformity have been our guide in planning all our procedure for the operation of our department. Before any procedure change is adopted it must prove itself to be simpler than that which we have previously used and the practices in handling routine as well as customers must be uniform at each store.

Position Wanted

Credit Manager—With 10 years' experience in department store work—desires change. Versed in all phases of department store credit work: Coupon, Charge and Budget Accounts. Married. Go anywhere. Address, Box 101, The Credit World.

Postagraph--An Effective Collection Economy

(*Continued from page 5.*)

The solicitation message (used on this Postagraph) reads:

Payments on your Letter of Credit will soon be completed. We sincerely thank you for the promptness and regularity with which you have met this obligation.

Letters of Credit were designed by us to help our old customers and new friends budget present needs and desires out of future earnings. We believe they serve a very useful purpose.

You will experience no delay in obtaining another Letter. Simply present your payment receipt-book at our Letter of Credit Department, Fifth Floor, make the required down-payment, and a new letter will be issued immediately. It is our hope that you will continue to avail yourself of the convenience in shopping time and easy payments which these Letters afford.

We greatly appreciate your patronage.

Cordially yours,
Lit Brothers.

While I share the opinion of a number of department store collection managers that personalized collection efforts for retail accounts are the most effective—and place all accounts that have reached the problem stage in the hands of skilled correspondents, who use a number of contact procedures such as dictated letters, telephone calls, office discussions and outside contact men—I believe just as firmly that early efforts on delinquent accounts should be as impersonal as possible. The use of Postagraphs has accomplished this purpose in an entirely satisfactory manner.

To any one who has a large volume of accounts, either regular charge accounts or installment accounts or both, I am pleased to recommend them, and make this recommendation based on three years of successful experience.

Oklahoma City Awards Service Buttons

Five members of the staff of the Oklahoma City Retailers Association were recently awarded 10-year service buttons, it was announced by Ward J. McMullen, Secretary. They are Mrs. Grace Adams, Miss Phoebe M. Snow, Mrs. Clara Bobo, Mrs. May White, and Miss Jewel Dickey.

The Barometer *of* Retail Business

Credit Sales and Collection Trends

August, 1937
versus
August, 1936

Compiled by Research Division
National Retail Credit Association
Arthur H. Hert, Research Director

COLLECTIONS increased 2.3 per cent during August, over August, 1936, while credit sales increased 6.3 per cent. Total sales, however, increased 5.3 per cent. These increases were attributed to: (1) increase in wages; (2) increase in employment; (3) better general business conditions; and (4) better prices for farm products.

HIGH-LIGHTS—CREDIT SALES

50 Cities reported increases.
6.3% Was the average increase for all cities.
27.8% Was the greatest increase (Dayton, Ohio).
3 Cities reported no change.
8 Cities reported decreases.
12.0% Was the greatest decrease (Omaha, Neb.).

Collections decreased in 12 cities while 8 cities reported a decrease in credit sales. These decreases were the result of (1) vacations; (2) strikes; (3) unseasonable weather; and (4) some factories operating only part time.

Sixty-one cities representing 20,004 retail stores, are included in this compilation.

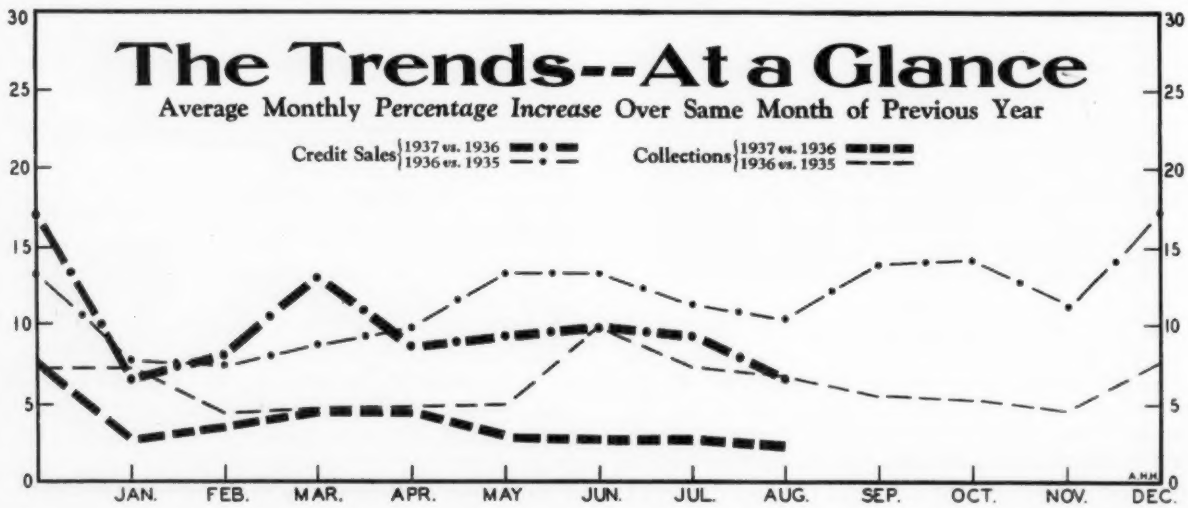
Collections were only fair in *Lewiston, Me.*, due to many people being away on vacations; however, there has been an increase in wages and fall business is expected to be good. . . . A general improvement in employment has had a stimulating effect on collections in *Manchester, N. H.* More than twenty new firms have been established during the past twelve months. Also, several stores have opened branches in Manchester in recent months. . . . Collections and credit sales were only fair in *Northampton, Mass.*, due to their largest industry having just emerged from reorganization and not as yet working to capacity.

Collections increased 7.0 per cent in *Pittsburgh, Pa.* Credit and total sales were good and department stores did a larger volume of business in the first seven months of 1937 than in any other comparable period since 1930. . . . An increase of 2.3 per cent in collections in *Reading, Pa.*, was attributed to the mills working full time. Credit sales were good as a result of increased buying power. . . . Collections remained unchanged in *Uniontown, Pa.*, as a result of part time schedule in some of the mines and shut downs due to strikes. At the same time, there was a falling off in the demand for coal and coke.

HIGH-LIGHTS—COLLECTIONS

42 Cities reported increases.
2.3% Was the average increase for all cities.
23.0% Was the greatest increase (Amarillo, Tex.).
7 Cities reported no change.
12 Cities reported decreases.
5.0% Was the greatest decrease (Mount Clemens, Mich.).

Collections, credit and total sales in *Clarksburg, W. Va.*, were fair to good. Factories are running full time, crops are in good condition and the outlook for fall busi-



ness is gratifying. . . . Collections, credit and total sales continue to increase in *Fort Lauderdale, Fla.* . . . Collections, credit and total sales were only fair in *Jacksonville, Fla.*, due to heavy rains during August. . . . Credit sales increased 20.0 per cent and total sales increased 15.0 per cent in *Charleston, S. C.*, as a result of better business conditions; however, collections were slow.

Retail business was reported satisfactory in *St. Louis* with an increase of 3.0 per cent in collections during the month of August. . . . Collections increased 2.0 per cent while credit sales decreased slightly in *Decatur, Ill.* The local factories, however, are all in operation and farm prospects are the best in many years. . . . Collections, credit and total sales remained unchanged in *Bay City, Mich.*, as the result of vacations and inventories at the local automobile plants. . . . Collections and credit sales were slow in *Mount Clemens, Mich.*, due to a decrease in employment. . . . *Toledo, Ohio,* reported their collections, credit and total sales good as a result of an increase in employment and incomes. . . . Collections and retail business were but fair in *Fond du Lac, Wis.*, as a result of unseasonable weather.

Collections and credit sales were only fair in *Sioux City, Ia.*, as they are now feeling the effects of last year's drought. . . . Collections were off 3.0 per cent and credit sales 12.0 per cent in *Omaha, Neb.*, as a result of an infantile paralysis epidemic and corn crop failure in the surrounding territory.

Collections in *Ada, Okla.*, remained unchanged during August while credit and total sales decreased 8.0 per cent respectively, as a result of the local industries operating only part time. . . . Collections were good in *Tulsa, Okla.*, one ladies' specialty shop reporting an increase of 14.8 per cent. . . . *Amarillo, Tex.*, reported a substantial increase in collections, credit and total sales. Collections, credit and total sales were good in Borger, Tex., as a result of more people being employed.

(*Continued on page* 27.)

HIGH-LIGHTS—TOTAL SALES

50 Cities reported increases.
5.3% Was the average increase for all cities.
24.7% Was the greatest increase (Dayton, Ohio).
4 Cities reported no change.
7 Cities reported decreases.
10.0% Was the greatest decrease (Fond du Lac, Wis.).

Comparative Reports--By Cities--August, 1937, *vs.* August, 1936

[*Sixty-one cities--representing 20,004 retail stores--reporting*]

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Lewiston, Me.	Fair	+ . . .	Fair	+ . . .
Lynn, Mass.	Good	+ 1.9	Good	+ . . .
Northampton, Mass.	Fair	− 1.0	Fair	− 3.0
Worcester, Mass.	Fair	+ . . .	Fair	+ . . .
Manchester, N. H.	Slow	+ 5.0	Fair	+10.0
Providence, R. I.	Fair	− 2.0	Fair	+ 5.4
Average	*Fair*	+ 1.0	*Fair*	+ 4.1
2. New York City	Fair	+ 0.7	Fair	+ . . .
Utica, N. Y.	Fair	+ 6.0	Fair	+ 7.0
Erie, Pa.	Good	+ 2.2	Good	+ 6.0
Pittsburgh, Pa.	Good	+ 7.0	Good	+10.0
Reading, Pa.	Fair	+ 2.3	Good	+ 3.2
Uniontown, Pa.	Slow	No chg.	Fair	+ 2.5
Average	*Fair*	+ 3.0	*Good*	+ 5.7
3. Charleston, W. Va.	Fair	+ 1.1	Good	+ 5.4
Clarksburg, W. Va.	Fair	+ 4.0	Fair	+ 5.0
Average	*Fair*	+ 2.5	*Good*	+ 5.2
4. Fort Lauderdale, Fla.	Good	+ 5.0	Good	+15.0
Jacksonville, Fla.	Fair	+10.0	Fair	+10.0
Charleston, S. C.	Slow	−10.0	Good	+20.0
Average	*Fair*	+ 1.7	*Good*	+15.0
5. Little Rock, Ark.	Fair	+ 0.4	Good	+ . . .
St. Louis, Mo.	Good	+ 3.0	Good	+ . . .
Average	*Fair*	+ 1.7	*Good*	+ . . .
6. Decatur, Ill.	Good	+ 2.0	Fair	− 0.9
Joliet, Ill.	Fair	+ . . .	Fair	+ . . .
Bay City, Mich.	Fair	No chg.	Fair	No chg.
Detroit, Mich.	Fair	− 3.4	Good	+ 8.2
Grand Rapids, Mich.	Good	+ 0.5	Good	No chg.
Mount Clemens, Mich.	Slow	− 5.0	Slow	− 0.5
Cincinnati, Ohio	Good	+ 4.7	Good	+20.8
Cleveland, Ohio	Good	+ 2.0	Good	+ . . .
Dayton, Ohio	Good	+19.3	Good	+27.8
Toledo, Ohio	Good	+ 8.0	Good	+ 6.0
Fond du Lac, Wis.	Fair	No chg.	Fair	−10.0
Milwaukee, Wis.	Good	+ 0.3	Good	+ . . .
Average	*Good*	+ 2.6	*Good*	+ 5.7

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
7. Cedar Rapids, Ia.	Slow	− 1.4	Good	+19.0
Davenport, Ia.	Good	+ 1.2	Good	+ . . .
Des Moines, Ia.	Good	+ 0.2	Good	+ . . .
Sioux City, Ia.	Fair	+ 1.0	Fair	− 2.0
Duluth, Minn.	Good	+ 4.6	Good	+ . . .
Minneapolis, Minn.	Good	+ 9.5	Fair	+ 2.0
St. Paul, Minn.	Fair	− 0.1	Fair	+ . . .
Omaha, Neb.	Slow	− 3.0	Slow	−12.0
Average	*Fair*	+ 1.5	*Fair*	+ 1.7
8. Ada, Okla.	Good	No chg.	Fair	− 8.0
Tulsa, Okla.	Good	+ 3.0	Good	+22.2
Amarillo, Tex.	Good	+23.0	Good	+27.0
Borger, Tex.	Good	+13.0	Good	+15.0
Fort Worth, Tex.	Fair	+ 0.5	Good	+ 7.2
Houston, Tex.	Good	+ 6.7	Good	+18.0
Average	*Good*	+ 7.7	*Good*	+13.5
9. Denver, Colo.	Good	+ 1.4	Good	+ . . .
Salt Lake City, Utah	Good	+ 1.8	Good	+ 6.0
Casper, Wyo.	Fair	+ 0.6	Good	+ . . .
Cheyenne, Wyo.	Fair	No chg.	Fair	+ 5.0
Torrington, Wyo.	Fair	+ 5.0	Fair	+ 5.0
Average	*Fair*	+ 1.7	*Good*	+ 5.3
10. Great Falls, Mont.	Fair	+ 2.2	Fair	+ 1.5
Kelso, Wash.	Slow	− 3.0	Fair	+ . . .
Spokane, Wash.	Fair	− 3.4	Good	+ . . .
Vancouver, Wash.	Fair	+ 1.0	Fair	− 1.0
Average	*Fair*	− 0.8	*Fair*	+ 0.2
11. El Centro, Calif.	Slow	+ 2.1	Fair	+ 3.0
San Francisco and Oakland, Calif.	Good	− 1.0	Good	No chg.
Santa Barbara, Calif.	Good	No chg.	Fair	+ 2.0
Average	*Fair*	+ 0.4	*Fair*	+ 1.7
12. Vancouver, B. C.	Fair	− 0.7	Good	+ . . .
Victoria, B. C.	Good	No chg.	Fair	+ 5.0
London, Ont.	Fair	+ 4.0	Fair	+ 3.0
Average	*Fair*	+ 1.1	*Fair*	+ 4.0

CREDIT *D*EPARTMENT *L*ETTERS

By DANIEL J. HANNEFIN

"RESULTS alone count!" This month, I take my text from that master letter writer, Carl Wollner, formerly a retail credit executive and now President (and a very successful one, at that) of the Panther Oil & Grease Mfg. Co., Fort Worth, Texas.

In the *Panther Lettergram,* a bulletin published for the personnel of the Panther Organization, he offers this sound advice:

"Let me add a secret to improve letter writing. One of the greatest secrets I have ever found to improve letters: *Short sentences.* That's it. Think it over. Take one of your letters, paragraph by paragraph. Where you have three "ands" in a sentence, as I've often had in my letters, cut 'em out and put periods there. Make three snappy, punchy, short sentences where there was one long-winded one before.

"We've often written letters with long-winded sentences. We've all been guilty of that many times. Some of these sentences were so long that you had to listen back to the dictaphone to get the beginning of the sentence when you came near the end.

"Don't you know that the man receiving the letter wouldn't remember the beginning of the sentence when he got to the end of it?

"Until you've actually tried it, you have no idea how much punch you can add to your letters by cutting the sentences short. The shorter the better. Never mind Professor Academic out at the college. We're not running a college. We're running a business firm and—in business letters—*results alone count!*"

"Results alone count." And letter-effectiveness builds results. One sure way of making letters effective is to know your customers. Know their reactions. You can't do that with 15,000 customers? Of course not! But—you can build a composite picture of your customers: *A typical customer,* if you please.

Then write your letters to that typical customer —instead of to "File No. CD 1879." Visualize your customers as flesh-and-blood humans instead of files of collection problems!

Use short sentences, as Mr. Wollner suggests. And, just as important, use short words: *Clear-meaning words.* Then you won't have "kick-backs" from misunderstood letters.

"Write," said Shakespeare, "so that even a fool can understand. The wise man will."

Use care in your choice of words. Words wear out—get hackneyed. They get double meanings, too: For instance, that good old stand-by, "delinquent." In the minds of a lot of people that word is associated with courts of criminal correction.

Use courtesy in all letters, no matter how strong the temptation to do otherwise. Remember, you represent the store. Eliminate personal feelings and—if you must get rid of a grudge or a grouch —go home and kick the dog!

"Results alone count." On that basis, I submit the forms and letters reproduced on the next page. Each has proved its value—*by results*—according to the reports of the users.

Figure 1 is a small insert which is *stapled* onto the bottom of statements. This is the *third* in a series (one each month) used on statements showing balances from a previous month.

"Our experience for the past three years, on this system," writes W. E. Dull, Manager of Credit Sales for Stack & Company, "is that few accounts get beyond this stage. The education of our customers has been very successful."

Figure 2 is a "Courtesy Notice" form submitted by a *wholesale* grocery firm which is a member of this Association. "We devised this some months ago," writes Mr. George M. Bostick of the Carder Company, "and have had good response. We think the Association emblem adds much to the results obtained. (Note the simple method of mailing—in window envelopes.)

From "across the border," Chas. G. Banner, Manager Department of Accounts, Hudson's Bay Company, Vancouver, B. C., sends us *Figure 3* with this comment: "This is very useful as a mild request for payment and is rarely the cause of any ill will when received by any of the customers. This letter, a first follow-up, usually gets good results."

Figure 4 is a letter sent to each paid-up deferred-payment customer who does not already have a charge account. "The results are most gratifying," writes Gordon W. Fischer, the Credit Manager, "and in most instances no additional credit report is necessary."

Speaking of *Figure 5,* Rosser Thomas, Jr., Credit Manager of the Houston Natural Gas Co., writes: "We used this letter in June on 45 accounts which had been prompt last Summer and Fall but had, during the Winter, fallen behind one month and had not yet become paid up in June. *Forty-three* of these accounts paid in full the following month before the current bill was past due."

1

We know that you have not overlooked your Stack & Co. account, because of a recent payment you have made. For some time, however, we have specified when opening accounts and rendering statements, that payment in full should be made by the 15th of each month following date of statement.

We shall appreciate your co-operation by payment of future bills in this manner.

If we are at fault in any way, we shall be glad if you will advise us.

3— STACK & CO., Inc.

Courtesy Notice

FROM

Carder Wholesale Grocery Co.
St. Joseph, Mo.

Date August 10, 1937

[illegible]

AMOUNT TO BE PAID $ 124.95

2

Past Due

We direct your attention to our 30 day terms. Your due account is listed below;

July 1	10.35
" 10	6.98
" 22	35.63
" 29	32.98
	$124.95

Please Mail Check With This Notice

Hudson's Bay Company.

INCORPORATED 2ND MAY 1670

RETAIL STORE
VANCOUVER,
BRITISH COLUMBIA

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MANAGER

IN REPLY PLEASE QUOTE
REFERENCE

3

Account Rendered

In the majority of cases, our Charge Account customers pay us promptly and when they fail to do so, it is usually because settlement has been overlooked.

We are sure that this friendly little reminder will be accepted in the same good spirit in which we are sending it and that remittance will be forwarded promptly.

Thank you.

Yours faithfully,

For the HUDSON'S BAY COMPANY,

Manager,
DEPARTMENT of ACCOUNTS.

TUTTLE & CLARK

1525-1533 WOODWARD
DETROIT

4

We wish to take this opportunity to offer our appreciation for the manner in which you have met your deferred payment obligation, recently balanced. It has been a sincere pleasure to have served you, and we trust your purchase here has been entirely satisfactory.

We are most anxious to continue our friendly relations by suggesting the opening of a charge account for your convenience when shopping. Just sign the enclosed signature card and indicate on it any other members of your family who are to use your account. The enclosed return envelope requires no postage.

Please feel that we appreciate your patronage and we shall be pleased to do anything possible to make your shopping here more convenient to you.

Cordially yours,

Credit Manager

60

ESTABLISHED 1877

HOUSTON NATURAL GAS COMPANY

HOUSTON, TEXAS

5

In reviewing our accounts, we notice that since December of last year your account has had an unpaid balance when the new bill is issued each month.

There is no objection on our part to this method of payment, since you always pay the arrears sometime during the month. However, in reporting our experience with your account; we are forced to rate you "slow" when you should be rated "very prompt."

If you can manage next month to pay both your June and July bills together, which will not amount to as much as one winter bill; you will again have your account in a paid-up condition, and be able to resume the prompt paying habit which you formerly maintained.

Please be assured that we value your patronage and your good will toward our company.

Very truly yours
HOUSTON NATURAL GAS COMPANY

Credit Department

RT:CK

"CHARACTER IS THE BASIS OF CREDIT"

"If You Don't Put-- You Can't Take!"

By W. G. CASSMEYER
Credit Manager, Merchants Ice & Coal Co., Saint Louis

WHAT is your average monthly collection percentage—and yearly credit loss? "I don't keep a record of those things," is the answer I received when I asked a fellow credit man, in the same line of business, that exact question.

To me, to not have the collection percentages and credit losses for comparison purposes, would be about the same as the treasurer of the company not knowing the amount of cash on hand from month to month! Not to be in a position to make monthly or yearly comparisons—with no way of telling if efforts are worth while and no way to find out if the correct procedure is being followed—is certainly not good business practice.

Why doesn't the coal company credit manager show more interest in his job and more activity in his credit association? There are, of course, some who are very faithful and who know that it is to their benefit to be so, but they will agree with me, wholeheartedly, about the lack of cooperation on the part of their brother credit men.

Coal company credit department activities can be made to be just as interesting as credit work in any other line of business. The work is there to be done and the different happenings which are bound to occur can be made to be so much pleasure or so much grief. The spirit in which these things are considered, is the all-important thing.

Perhaps there are too many who feel that the commodity their companies handle is a very common, necessary article and perhaps, therefore, they consider their jobs as common, dull, drab affairs, believing the mere putting in of their time is all that is necessary. Perhaps they don't see the interesting part, because they don't do the things which would make it so.

To make any undertaking interesting, there must be some form of competition. *You can make yourself your competitor. Compete with yourself!* Compare this month's efforts against the same month last year—this year against last year.

The people who do not do these things, seem to also lack that cooperative spirit toward credit associations, which is needed so badly. Without their credit association they could not begin to perform their duties, but they are seemingly hopeful and feel that the credit association can function without their cooperation. They should realize that unless they put something into an organization, they cannot expect to get anything out of it.

Just at this time of the year is when we need and must depend on the local credit bureau's efficiency and correct information . . . leaning on them quite heavily. It's no secret that the turnover of accounts in the coal business is heavier than in most businesses. That means many who bought from you last season will buy elsewhere this season. It also means you will open many new accounts—all in a big rush—to offset those you lose. You will expect your credit bureau to give you fast, correct information on these applicants, so you can meet their demands and so that you may be in a position at a glance to judge whether to approve or reject the application.

Just now, *before that big rush,* is a good time to recall that many families buy coal on credit, but pay cash for all other needs. By this time. you have found out that some other member did not report all the names of his new customers to the credit bureau in past years. You have found that you have an account on your books which now looks very doubtful of eventual collection.

On a few you have found out, in some manner, that besides owing you for last winter's fuel, *they owe someone else for fuel for the previous season.* Are you going to allow that person to owe the third company for this year's fuel? The only way in which you can answer "No" to this is to report each and every account to your local credit bureau.

There is no better time to do this than now! Your local secretary will be glad to furnish the necessary forms for reporting all your accounts. After you have done that, take it upon yourself to report the name of each new account to the credit bureau, as it is added to your new account list. The best way is to clear each applicant's name through the files of the bureau. You will then be certain that a record is made there of the fact that you inquired on that person.

We need the other fellow's cooperation—and the other fellow's ideas—more than does any other business. Why? *Because our work is different and difficult.* First, because the Credit Department's personnel does not, on the average, get the opportunity to interview one applicant out of five hundred. Second, because of the No. 1 reason, some one other than those concerned about Credit Department activities (the salesman) takes the credit applications. This is not the ideal method. (It could be remedied though if we all worked together.)

While the ordinary, regular information is received by present methods, items which appear to some individuals to be unimportant are entirely overlooked. Items which could be had for the asking or which oftentimes are given voluntarily, are not recorded, because they are *thought* to be unimportant. In the final analysis of many an account, it is found that some little thing recorded in your information file means the difference between locating a skip and collecting an account and *not locating the person and charging it to Profit and Loss.*

Third, our commodity is "soft merchandise" and is seasonal. The average customer does not buy more than three times per year. When he buys he buys in quantity.

Lose on one average purchase and your profit on many sales is gone!

Cooperate by working with the U. S. Department of Commerce in their next survey on retail credit—by giving them a *completely* filled-in questionnaire when they send it to you in January, 1938. You will derive much more benefit out of these things than the effort necessary to put them in full working force for you.

There are *so many* reasons why more credit managers should join in this survey. The final figures of the latest survey show clearly the lack of cooperation. Considering the figures nationally, how many coal companies reported? Only 125! Enough from only five cities to make comparisons by cities. *Is there any real reason for this?*

If a record of credit department activities, which every credit manager should have, is kept monthly, it takes very little time to fill in the necessary information. Surely, it is worth while, so that a national comparative figure may be had, for your information, to spur you on for a better record or to give you an idea of the best procedure. To tell you whether you should be more lenient or should call a halt to some extent on that policy.

How many coal company credit managers attend our national conventions? Twenty-five, thirty, thirty-five? Not more than that. Considering the number of coal companies who feel that their Credit Association is important enough to be a member of it, the figures given surely indicate poor attendance. Attend your District conference if you can't attend the National Convention.

To make our job easier, and even more pleasant, suppose we promise better cooperation among ourselves? The main object of any job is to do it in the best possible manner. We can do this only by the exchange of ideas. All would profit by it and, certainly, it would be interesting.

For your benefit and gain to the company you represent, why not cooperate? Give your Credit Association your support. Attend its meetings and meet those who have problems not unlike your own.

If you will promise to become interested and do some of these things just for a while, you will get so much out of it that you will continue to take an interest in these activities. Remember—"if you don't put, you can't take."

Nashville - - Conference City For Third and Fourth Districts

(*Continued from page* 3.)

14. N. B. Blackford of the Merchants Adjustment Bureau, Chairman, Transportation Committee, will have plenty of cars and buses for you to see the points of interest in and around Nashville.

15. The "Nashville Bunch" promised you "the city with a fence around it" at the Atlanta Conference *and we have already started to building the fence.* I am still hearing of the Mobile Conference—Memphis did honor to themselves by having the National Convention—but just attend this Conference here in Nashville, Tennessee, and you will really know that you have been really entertained by a wide-awake association, 207 strong.

The Nation's Collection Percentages - A

District	City	Department Stores (Open Accounts)						Department Stores (Installment Accounts)						Women's Specialty Stores						Furniture Stores (Installment Accounts)						Jewelry	
		1937			1936			1937			1936			1937			1936			1937			1936			1937	
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	HI.	LO.
1	Boston, Mass.	45.5	50.4	38.6	44.5	52.6	37.8	16.0	21.6	12.4	14.5	24.7	12.0	47.3	54.0	36.0	48.2	51.6	36.4	—	—	—	—	—	—	56.0	53.4
	Providence, R. I.	41.3	49.0	37.3	42.6	50.0	42.3	—	—	—	—	—	—	—	—	—	—	—	—	—	11.7	—	—	14.4	—	—	—
	Lynn, Mass.	45.9	56.0	38.6	45.1	56.0	37.4	—	—	—	—	—	—	—	—	—	—	—	—	13.0	21.3	11.6	14.5	18.1	11.0	11.8°	—
	Springfield, Mass.	51.5	53.9	49.1	50.0	56.1	44.0	16.2	20.7	11.7	16.5	21.6	11.5	44.3	46.0	42.7	49.4	53.0	45.8	—	—	—	—	—	—	—	—
	Worcester, Mass.	43.5	45.8	41.4	42.1	44.6	40.3	22.7	25.3	14.4	21.6	27.6	20.0	31.4	43.8	20.0	25.5	40.0	20.0	—	—	—	—	—	—	—	—
2	New York City	41.8	52.4	34.6	40.6	55.0	30.0	20.2	28.3	12.1	18.9	26.4	12.3	35.7	58.0	25.3	35.3	56.0	24.8	—	—	—	—	—	—	—	—
	Pittsburgh, Pa.	43.6	46.7	36.1	44.1	49.9	38.3	14.7	18.0	11.8	16.7	21.4	14.0	42.9	46.7	34.3	43.5	49.9	36.0	—	—	—	—	—	—	32.5	26.9
	Reading, Pa.	44.3	45.0	38.6	47.4	47.8	45.4	—	17.0	—	—	13.8	—	—	32.0	—	—	35.0	—	12.1	14.0	10.3	13.8	16.0	11.6	13.5°	—
	Syracuse, N. Y.•	—	—	—	36.0	41.5	32.1	—	—	—	19.3	24.0	13.1	—	—	—	42.2	46.2	38.3	—	—	—	—	14.4	—	—	—
	Utica, N. Y.•	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Washington, D. C.	37.6	46.5	32.2	36.2	44.9	31.5	11.7	13.3	7.7	11.2	12.2	8.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Huntington, W. Va.	49.8	53.5	46.0	52.7	57.3	48.0	7.5	7.7	7.3	8.2	8.6	7.8	—	—	—	—	—	—	—	9.2	—	—	10.3	—	—	—
	Baltimore, Md.	38.9	44.4	32.2	38.5	42.9	31.1	14.8	24.0	8.2	13.8	21.5	5.4	34.8	40.0	32.0	35.9	40.7	31.9	—	—	—	—	—	—	—	—
4	Birmingham, Ala.	38.9	42.7	37.0	40.1	42.6	37.7	16.3	17.0	15.1	20.1	23.4	18.1	34.5	39.0	30.0	34.0	37.0	30.9	13.1	13.5	13.0	13.1	14.1	12.0	—	—
	Atlanta, Ga.	34.4	35.4	33.4	38.9	41.4	36.3	14.3	16.3	12.4	14.5	15.6	13.5	31.4	33.0	29.8	33.2	33.7	32.8	12.4	12.5	12.4	12.9	13.0	12.8	25.7	—
5	Kansas City, Mo.	67.9	74.6	61.2	64.0	72.9	55.2	—	16.1	—	—	14.8	—	41.8	52.4	35.9	43.0	52.9	29.1	—	11.7	—	12.5	14.0	11.1	—	—
	St. Louis, Mo.	48.2	57.8	39.5	47.6	55.5	40.6	19.4	21.5	16.2	18.5	22.1	15.0	36.7	43.1	31.3	38.8	45.5	33.5	—	20.1	—	—	16.6	—	45.0	—
	Little Rock, Ark.	31.5	32.3	30.7	33.8	35.2	32.5	13.7	16.2	11.3	15.9	20.7	11.0	—	—	—	—	—	—	—	10.2	—	—	9.0	—	41.7	-
6	Cleveland, O.	45.5	50.2	42.3	44.1	52.9	42.8	16.6	21.8	12.9	17.9	26.9	12.8	42.5	44.2	40.8	39.7	45.7	39.1	11.1	13.3	9.5	12.3	15.7	10.3	54.8	27.0
	Cincinnati, O.	50.0	56.8	42.4	48.1	56.1	39.1	14.6	19.9	11.9	15.5	21.1	13.1	46.8	50.6	42.2	46.0	58.1	34.8	—	—	—	—	—	—	41.5	32.9
	Columbus, O.	44.6	51.9	42.1	46.0	51.1	42.3	10.9	11.9	10.0	11.8	12.2	11.4	47.3	55.4	38.3	47.3	56.1	40.1	26.7	43.5	10.0	24.8	39.0	10.6	—	—
	Toledo, O.	43.5	50.9	40.9	43.7	53.9	41.3	16.8	17.5	16.0	17.0	17.5	16.6	49.4	60.0	38.0	44.0	53.0	32.3	—	—	—	—	—	—	55.0	33.3
	Youngstown, O.	44.5	44.9	44.1	42.1	43.8	40.3	12.2	14.1	10.2	14.5	16.1	12.9	32.8	41.0	24.5	31.6	35.0	28.1	—	—	—	18.2	21.4	15.0	—	—
	Detroit, Mich.	49.7	60.9	35.0	51.9	63.2	36.2	19.9	26.0	16.4	20.4	25.5	16.8	42.7	50.4	36.0	46.8	56.5	41.5	—	—	—	—	—	—	62.6	44.0
	Grand Rapids, Mich.	41.2	42.4	40.1	40.8	45.0	37.0	—	—	—	—	—	—	38.0	52.0	26.0	42.1	46.1	37.4	14.4	18.3	11.7	13.6	19.2	8.3	—	—
	Milwaukee, Wis.	51.4	55.3	45.3	51.5	55.8	44.9	18.7	18.8	18.5	19.9	20.0	16.5	36.1	45.7	26.5	34.5	46.2	22.9	—	—	—	—	—	—	55.0	41.0
	Springfield, Ill.★	30.5	40.9	17.0	27.2	39.8	5.6	—	—	—	—	—	—	27.8	29.0	26.6	26.3	28.0	24.6	19.4	28.0	11.2	18.0	23.3	13.0	33.6	32.0
7	Duluth, Minn.	43.7	53.5	34.0	42.0	53.1	31.0	—	27.8	—	—	21.6	—	—	69.1	—	47.1	58.2	36.0	—	—	—	—	—	—	—	—
	St. Paul, Minn.	52.4	55.0	51.0	52.8	57.8	43.5	—	—	—	—	—	—	37.0	42.2	32.0	44.2	45.4	43.0	—	—	—	—	—	—	—	—
	Minneapolis, Minn.	62.3	67.8	57.3	62.7	67.4	57.5	20.3	25.3	12.7	19.8	25.0	12.6	—	54.3	—	54.8	60.5	49.1	—	11.4	—	—	10.8	—	55.7	—
	Davenport, Ia.	50.6	53.3	47.8	49.4	50.8	48.1	15.8	16.8	14.8	15.2	16.1	14.3	—	—	—	—	41.8	—	—	14.3	—	—	15.5	—	27.5	—
	Cedar Rapids, Ia.	51.4	57.3	45.0	54.0	58.1	47.7	20.3	24.0	16.6	19.0	21.0	17.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Des Moines, Ia.	39.0	45.0	33.0	39.9	48.9	31.0	—	—	—	—	—	—	45.0	54.0	39.0	47.4	50.0	42.0	—	—	—	—	—	—	—	—
	Sioux City, Ia.	40.7	48.7	35.0	43.6	43.8	35.0	15.1	17.3	14.0	14.9	24.0	14.0	—	38.0	—	—	40.0	—	—	—	—	—	—	—	—	—
	Omaha, Neb.	—	43.3	—	—	44.5	—	—	13.5	—	—	13.7	—	37.7	40.9	34.2	38.7	41.6	36.3	—	—	—	—	—	—	—	—
8	Tulsa, Okla.	58.9	60.0	53.9	57.1	57.2	52.0	12.1	12.7	12.0	11.7	12.5	10.4	41.6	43.4	37.4	36.2	43.0	28.6	—	—	—	—	—	—	—	—
	San Antonio, Tex.	37.7	42.2	33.2	43.1	46.3	39.7	10.8	12.4	9.1	11.0	11.1	11.0	43.5	47.3	40.0	49.3	50.8	47.8	11.2	12.7	9.8	11.7	11.9	11.3	40.1	--
9	Denver, Colo.	44.3	56.6	41.9	43.8	50.4	42.1	12.5	16.8	10.5	14.7	16.4	10.7	44.3	46.6	42.0	42.7	43.3	42.1	—	—	—	—	11.8	—	12.1°	—
	Salt Lake City, Utah	53.4	57.7	50.5	51.6	60.2	49.3	20.5	25.8	12.5	18.2	23.1	12.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Casper, Wyo.	—	113.4	—	—	107.0	—	—	—	—	—	—	—	34.0	37.0	31.0	32.0	36.0	28.0	—	—	—	—	—	—	—	—
10	Portland, Ore.	39.3	53.1	33.8	39.8	67.2	33.1	14.3	16.0	12.7	16.0	16.1	12.9	42.7	43.0	36.3	39.5	42.0	37.0	—	—	—	—	—	—	21.7°	9.4
	Spokane, Wash.	50.3	51.1	49.4	55.0	58.8	51.0	13.5	15.0	12.1	13.4	14.4	12.4	39.3	50.0	28.6	34.7	42.0	27.5	—	—	—	—	—	—	40.8°	—
	Tacoma, Wash.•	—	—	—	42.7	56.2	43.4	—	—	—	17.9	22.5	17.1	—	—	—	—	20.9	—	—	—	—	—	17.2	—	—	—
11	San Francisco and Oakland, Calif.	45.2	52.7	34.1	43.4	55.2	34.1	16.6	24.4	14.3	19.6	30.7	15.0	37.7	49.4	25.4	36.4	48.1	29.7	12.1	18.0	10.6	11.9	18.7	11.5	—	—
	Los Angeles, Calif.	61.7	64.3	52.7	62.7	67.8	53.8	20.8	23.6	17.9	19.6	26.8	18.6	54.0	57.0	51.0	54.5	57.9	51.0	—	—	—	—	—	—	37.8	—
	Santa Barbara, Calif.	46.4	55.9	29.2	48.4	56.9	41.1	—	—	—	—	—	—	54.0	72.0	43.1	59.2	79.1	47.6	—	—	—	—	—	—	—	—
12	Ottawa, Ont.•	—	—	—	39.4	48.7	33.1	—	—	—	13.9	16.4	10.2	—	—	—	29.6	35.4	28.1	—	—	—	11.3	13.7	10.3	—	—
	Vancouver, B. C.	56.5	57.2	55.7	62.3	64.0	60.5	22.7	24.0	21.7	25.5	27.1	23.9	50.5	60.0	41.0	—	43.4	—	—	16.4	—	—	16.5	—	28.0°	—
	Victoria, B. C.	62.6	62.9	62.3	61.1	64.9	57.3	23.7	30.0	17.4	26.3	31.0	21.7	—	50.5	—	—	40.5	—	—	—	—	—	—	—	—	—

• 1937 Figures not received at press time
★ Open and Installment accounts combined

°Installment
[1]Furriers

[2]Laundry
[4]Plumbing

[5]Lumber
[6]Paper and Paint

[7]Fuel
[8]Cleaning and Dyeing

[9]Carpe[t an]d Rug
[11]Buil[ding] Supplies

Fifty Key Cities Cooperating with the Research Division - - in th[e] United

es -- August, 1937, *Versus* August, 1936

RES)	JEWELRY STORES					MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
6	1937		1936			1937			1936			1937			1936			1937			1936			1937			1936		
LO.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
—	56.0	53.4	51.2	52.2	50.2	—	—	—	—	—	—	—	56.8	—	—	55.4	—	—	—	—	—	—	—	47.5	55.4[13]	38.0[15]	50.4	68.0[16]	37.0[15]
—	—	—	—	—	—	—	—	—	—	—	—	56.0	62.5	49.6	45.4	50.9	48.0	62.0	67.0	57.0	50.0	52.4	30.1	40.0	72.1[6]	38.2[7]	64.0	79.6[2]	36.0[7]
11.0	11.8°	—	—	12.6°	—	—	—	—	—	77.5	—	—	—	—	—	—	—	—	—	—	84.5	93.4	75.6	53.0	71.0[7]	39.0[15]	57.6	61.0[13]	41.0[15]
—	—	—	—	—	—	—	42.0	—	—	40.0	—	59.9	61.8	58.0	58.1	59.3	57.0	—	—	—	—	78.0	—	62.9	66.0[2]	59.8[7]	67.9	70.9[7]	65.0[2]
—	—	—	—	—	—	68.3	100.0	36.7	68.0	102.0	34.0	—	60.6	—	—	47.7	—	61.6	63.0	60.2	55.0	71.1	39.0	52.8	78.0[24]	38.8[7]	66.4	77.0[6]	47.0[2]
—	—	—	43.0	47.0	39.0	40.9	59.4	36.7	49.1	54.0	40.0	66.6	78.7	54.5	—	58.5	—	—	—	—	62.9	67.3	58.5	59.8	64.7[23]	40.0[7]	47.0	58.4[23]	46.0[19]
—	32.5	26.9	31.4	34.5	28.4	—	—	—	—	—	—	58.6	58.6	58.6	54.2	63.5	45.0	—	—	—	—	—	—	71.3[13]	79.9[13]	59.0[13]	66.2[13]	78.4[13]	54.0[13]
11.6	13.5°	—	—	12.0°	—	46.8	57.2	36.4	47.2	59.7	34.7	—	67.0	—	—	58.0	—	—	89.8	—	69.6	92.2	47.0	46.6	62.5[11]	46.3[11]	49.7	56.7[11]	33.2[4]
—	—	—	—	—	—	—	—	—	43.4	53.9	33.0	—	—	—	—	—	—	—	—	—	79.3	84.5	74.2	—	—	—	42.0	56.0[7]	28.0[2]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	57.0	—	—	—	—	—	—	—	64.5	69.0	60.0	47.6	64.0[11]	35.0[14]	56.4	79.2[11]	28.0[2]
—	—	—	—	—	—	—	31.0	—	—	29.4	—	41.8	43.6	40.5	41.3	44.9	38.2	—	—	—	—	—	—	—	—	—	—	—	—
12.0	—	—	—	—	—	42.7	47.8	38.0	40.5	46.0	35.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12.8	25.7	—	—	28.8	—	33.9	34.0	33.7	33.0	33.6	32.3	—	—	—	—	—	—	—	—	—	—	—	—	44.7[11]	52.4[11]	37.0[11]	37.0[11]	38.5[11]	35.5[11]
11.1	—	—	—	—	—	—	—	—	—	—	—	—	48.2	—	54.0	62.0	52.7	77.4	87.8	35.0	75.8	83.9	32.0	64.5	94.9[14]	37.6[9]	59.0	88.0[14]	38.3[5]
—	45.0	—	—	43.0	—	35.9	38.0	34.2	36.5	38.3	33.2	—	—	—	—	—	—	—	—	—	—	—	—	—	48.4[7]	—	—	56.0[7]	—
—	41.7	—	—	35.5	—	—	—	—	—	—	—	—	—	—	—	—	—	67.0	83.0	51.0	64.7	79.3	50.0	—	—	—	—	—	—
10.3	54.8	27.0	34.7	49.2	23.0	47.7	69.1	44.0	43.3	70.8	30.0	56.7	61.5	52.0	49.8	56.0	43.7	—	—	—	—	—	—	52.9[13]	82.4[13]	34.6[13]	58.9[13]	70.6[13]	30.9[13]
—	41.5	32.9	48.2	63.5	32.9	41.9	46.0	37.8	43.1	50.2	36.0	57.1	59.3	55.0	69.3	89.3	56.0	—	—	—	—	—	—	55.9	69.0	44.3	56.3	62.7	46.3
10.6	—	—	—	—	—	—	29.1	—	—	41.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	65.0[2]	—	—	52.0[6]	—
—	55.0	33.3	33.6	37.3	30.0	33.0	36.9	29.0	35.9	37.6	34.2	—	—	—	—	—	—	—	—	—	—	—	—	56.5	61.8[10]	52.0[24]	82.4	100.0[24]	64.8[2]
15.0	—	—	—	35.5	—	38.6	50.0	21.5	37.8	50.8	20.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	44.5[16]	50.9[16]	38.0[16]
—	62.6	44.0	47.6	64.2	31.0	47.5	53.0	36.0	47.2	53.8	33.5	48.7	49.8	47.7	51.1	53.0	49.3	—	—	—	—	—	—	—	—	—	—	—	—
8.3	—	—	—	—	—	47.8	81.5	24.4	50.9	79.0	40.0	—	—	—	—	—	—	—	—	—	—	—	—	63.3[7]	72.0[7]	54.5[7]	43.8[7]	49.0[7]	37.5[7]
—	55.0	41.0	47.2	65.5	29.0	43.5	47.0	40.0	43.7	47.0	40.5	48.6	54.8	42.5	48.1	53.5	42.8	—	—	—	—	—	—	—	—	—	—	57.7[1]	—
13.0	33.6	32.0	31.7	33.4	30.0	23.7	25.0	22.3	30.7	37.2	26.2	34.4	34.7	34.0	30.6	31.1	30.0	52.7	73.0	41.0	56.9	72.0	36.0	57.2[7]	74.9[7]	47.0[7]	52.0[7]	56.0[7]	49.9[7]
—	—	—	—	—	—	—	—	—	—	38.1	—	—	—	—	—	—	—	—	—	—	—	—	—	59.4	69.0[24]	40.0[24]	46.5	60.0[24]	41.0[2]
—	—	—	—	—	—	36.6	39.4	34.5	45.2	52.0	38.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	55.7	—	—	63.1	—	—	—	—	—	48.9	—	—	72.0	—	—	74.0	—	—	—	—	—	—	—	34.7[7]	69.0[7]	22.2[7]	36.7[7]	70.0[7]	24.5[7]
—	27.5	—	—	27.0	—	—	51.4	—	—	51.0	—	—	—	—	—	—	—	—	61.0	—	—	63.0	—	—	60.0[6]	—	—	50.0[6]	—
—	—	—	—	—	—	—	47.0	—	48.0	48.0	48.0	—	54.0	—	—	56.0	—	—	—	—	—	—	—	—	63.7[6]	—	—	53.4[6]	—
—	—	—	—	—	—	36.8	37.4	36.2	39.9	42.3	37.5	55.0	57.0	36.0	49.5	52.0	47.0	—	—	—	—	—	—	—	43.8	—	—	45.4	—
—	—	—	—	—	—	—	40.0	—	—	40.8	—	—	44.0	—	—	53.0	—	—	—	—	—	—	—	—	33.0[7]	—	—	31.0[7]	—
—	—	—	—	—	—	—	47.6	—	—	49.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	42.8	49.7	36.0	47.2	51.0	43.5	—	—	—	—	—	—	—	—	—	—	70.0	—	—	44.0[20]	—	—	50.0[20]	—
11.3	40.1	—	—	56.0	—	—	36.5	—	—	42.7	—	—	56.0	—	—	56.0	—	—	—	—	—	—	—	—	—	—	—	—	—
—	12.1°	—	—	13.2°	—	44.2	46.4	42.0	45.9	48.3	43.6	45.8	51.5	40.0	48.1	58.4	37.9	—	—	—	—	47.6	—	77.5	83.0[2]	72.0[19]	63.4	71.5[19]	65.4[2]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	58.0	—	—	60.0	—	—	71.3	—	—	79.1	—	—	—	—	—	—	—	—	73.1[13]	—	—	77.4[13]	—
—	21.7°	9.4°	16.6°	25.5°	7.0°	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	40.8°	—	23.4°	24.4°	22.5°	39.0	41.4	38.2	—	41.9	—	—	—	—	—	—	—	—	—	—	—	—	—	55.0	79.0[4]	24.0[1]	60.4	81.7[4]	23.0[1]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11.5	—	—	—	—	—	35.2	48.5	31.6	38.3	47.9	33.2	46.2	62.3	40.4	41.6	46.1	40.1	—	—	—	—	—	—	—	—	—	—	—	—
—	37.8	—	—	41.9	—	53.8	62.1	50.7	54.6	61.4	51.1	57.6	61.3	51.2	57.6	61.6	54.8	—	—	—	—	—	—	76.7[13]	81.6[13]	71.8[13]	73.1[13]	75.0[13]	71.1[13]
—	—	—	—	—	—	58.5	64.0	55.0	59.5	69.0	49.4	48.0	55.0	40.1	47.9	57.3	37.8	—	—	—	—	—	—	65.1[13]	81.3[13]	56.5[13]	65.1[13]	72.5[13]	59.7[13]
10.3	—	—	—	—	—	—	—	—	42.6	47.4	41.6	—	—	—	—	—	—	—	—	—	45.7	49.6	40.6	—	—	—	14.3[6]	38.9[23]	26.7[7]
—	28.0°	—	—	26.0°	—	35.0	38.7	34.4	37.4	45.4	31.0	—	45.0	—	—	50.0	—	63.4	71.0	55.8	—	60.7	—	60.0	90.3[2]	39.0[7]	70.0	88.8[2]	28.0[7]
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	— 10-37 A.H.H.

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

[9]Carp[e]t and Rug Cleaning
[11]Buil[ders'] Supplies
[13]Grocery
[14]Stationery, Office Supplies
[15]Florist
[16]Hardware
[18]Dairy
[19]Drugs
[20]Sporting Goods
[21]Leather Goods
[23]Household Equipment
[24]Electrical Supplies

--in th United States and Canada--Contribute These Figures Monthly

Detroit Credit Granters Debate:

These Four Say "Yes" . . .

1. Adeline Seleske:

Credit extension should be granted to create business volume. We know from statistics and general reports that conditions today are better than they were a few years ago. We also know that people today are budget-minded. You may ask why we should allow credit extensions because of the fact that we are budget minded.

Affirmative

1. **ADELINE SELESKE, Harpur, Inc.**
2. **THOMAS BLACK, T. B. Rayl Co.**
3. **HOWARD HIGGS, Merchants Credit Bureau.**
4. **F. G. METZ, Sears, Roebuck & Co.**

Coach: I. S. Sales, J. L. Hudson Co.

Let us take, for example, an average business girl who is earning between $100 and $125 per month. She lives on a budget and knows just how much she can afford to spend for rent, clothing, insurance, etc. Let us presume that she has a charge account at one of the clothing stores and decides to purchase a spring coat. According to her budget she knows that, in order to pay her account on the 10th of the month following date of purchase, her purchase should not exceed $35.00 *but,* she goes into the store and, after looking around, likes the $65.00 coat which, of course, is of better material and workmanship, and in the long run is a better buy than the $35.00 coat. Still, she knows that she cannot pay the whole amount on the 10th of the month.

Now, let us presume credit extension were granted her and she could pay $22.00 per month for three months instead of $65.00 all in one month. Isn't it more likely that she would buy the $65.00 coat? The girl would be satisfied because she had the coat she liked and your store would have another satisfied and continuous customer. The same applies to a young married couple. If credit extension were granted them, it would allow them to live within their budget and at the same time, enjoy the necessities of life because we would all much rather pay for something that we are enjoying than to save for something we hope to enjoy.

The element of risk at the prevailing employment rate is not great *if care is exercised in the selection of persons to whom this type of credit is made available;* and, with all the sources of information at their command, alert credit men and women can easily detect any warning signal that may appear to cause them to curtail this type of credit extension in due time when or if another period of unemployment occurs. Therefore, we believe that this will prove conclusively that business volume can be created by granting extension of terms in accordance with the amount of the purchase.

2. Thomas Black:

Long Term Credit has become necessary to meet changing economic conditions. The present administration in Washington and the unions are advocating shorter hours, which will mean that a vast number of people will receive less money. This in contrast to the fact that merchandise, rents, food, and so forth, have increased. The average wage in the automobile plants in 1935 was $30.42 per week—in 1936—$32.27. The average wage for the United States in 1936 was $24.83. Food costs alone have risen 20 per cent—clothing costs 12 per cent—rent 20 per cent—fuel and light 4 per cent over this same period.

Take the average family of man, wife and two children paying between $40 and $50 per month for rent. According to the average wage of the United States you might say it takes two weeks' salary to pay his rent. All he has left then is two weeks' salary to cover his other expenses such as food, light, insurance, clothing, doctor, a little recreation, and also save a small amount to carry him over the seasonal layoff period (only four good months in 1924—nine months in 1935—and ten months in 1936) so you can see he is in no position to pay his accounts on the old standard terms.

We should have a uniform long term policy so we do not sell terms instead of merchandise and quality. Long terms are sound and practical. With the proper investigation and control we can sell the above type of customer hard merchandise on long terms and soft merchandise on the installment plan, which we could not otherwise handle under our present set-up.

We must educate the public to the convenience of buying on long terms. Some people are already expecting longer terms on their accounts. The present administration was the first to extend long terms through the HOLC and FHA, so as to accommodate the average working man.

Editor's Note:

Presented in these pages are both sides of a very successful debate held at a meeting of the Retail Credit Association of Detroit.

Please bear in mind that the arguments propounded by the participants do not necessarily indicate the policies of the firms represented nor the personal opinions of the individuals.

Each agreed to accept his assignment in order to bring out the important points involved.

Modern business methods require the merchandising of financial service (credit) on longer terms, more than commodity selling. Credit on longer terms is rapidly taking its place as a convenience to the customer and is

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"Does Volume Justify Longer Terms?"

. . . But These Four Say "No"

1. Mrs. Elizabeth Hobbs:

We of the negative side believe that volume does not justify longer terms because the expense involved in carrying such accounts more than offsets any profit which would accrue from increased volume.

The cost of setting up such accounts must be considered, of course, in figuring prices and would result in penalizing the cash or thirty-day charge customer, in increased prices to accommodate the "longer term" customer. This is not just or fair to the prompt-pay account.

The better type merchant wishes to present to his customers quality merchandise at a fair price based on a quick turnover. The "longer term" account means higher prices because of increased carrying costs and inevitably a loss of business from cash customers because of the lower prices which could be obtained on similar merchandise from stores not carrying long term accounts.

The "longer term" account often brings into your store an undesirable class of business, such as factory workers who, because of fluctuating employment, find themselves unable to pay as agreed, and when an account of this type becomes delinquent, collection is difficult because of the transient nature of such trade.

Finally, it should not be necessary for a retail store to conduct a "loan service," which is actually the case in long term accounts. Where extended credit is necessary the customer should apply to the bank and under proper security or endorsement secure the money he requires to make such purchases, paying the interest or fee for such an arrangement.

2. Harold Doyle:

There should be a distinction drawn between a banking institution and a business which sells merchandise for profit. Any extension of terms, for whatever reason, makes the selling concern a loaning company and is unsound practice.

To increase terms it is necessary to make use of more capital and it makes necessary the setting up of additional reserves. Long terms create a frozen capital structure, thus hampering the liquidity of the business. Current assets are defined as those assets of a business which are convertible into cash in the normal course of the conduct of the business. Long terms, which extend the accounts receivable over a long period, make the accounts receivable item in the balance sheet more similar to notes receivable (or "deposits in closed banks" for example) than to cash.

In these changing times, where standards of value are fluctuating every day and confiscation of surpluses is considered by those at the head of the government, it is, more than ever, important to keep a business in a liquid condition. With a large volume of accounts receivable, extended over a long period of time, the value of the dollar payment might vary greatly between the time of making the sale and time of final payment.

Strikes and fluctuating employment make the possibility of change in the debtor's condition very great over a long period. Bureau reports show the up-and-down trend of paying habits on a great number of individuals. This is especially true of those who would be interested in buying on a long term contract. The customer should live within his means—we should try to prevent the overexpansion of credit.

Negative

1. **MRS. ELIZABETH HOBBS, Household Paper Products Co.**
2. **HAROLD DOYLE, Fuel Oil Corporation.**
3. **HAROLD MORSE, Crowley, Milner & Co.**
4. **GORDON W. FISCHER, Tuttle & Clark.**

Coach: Chas. J. Lyons, Berry Rug Co.

The condition of the debtor is not apt to be greatly changed in thirty or sixty days, but over the course of a year or two years an entirely different condition may be present.

The possibility of a debtor's overbuying is very great under a long term arrangement. If he can make a great number of purchases but only pay a small amount per month on each, he is inclined to mortgage his income, or "hoped for income" for years to come. *Thus the seller is underwriting not only the ability of the debtor but the economic stability of the entire country, health, death, and many other conditions beyond the control of the purchaser.*

A business house giving long terms cannot compete in price with a concern selling on thirty day terms. The lessening of the rate of capital turnover makes a larger profit necessary, and longer terms create additional overhead in the handling of accounts, such as bookkeeping and collection expense. Volume only aggravates this condition as the larger the volume, the more overhead and the greater tie-up of capital. A one-year contract is the equivalent of a slow account running a year on your books.

If a carrying charge is added for handling long term accounts, an undue burden is placed upon the buyer. In availing himself of long terms under these conditions he is not only increasing the cost of living but is living beyond his means and decreasing the whole standard of living.

Long term credit for any reason is bad economic policy.

3. Harold Morse:

We members of the Retail Credit Association represent retail stores engaged in merchandising and merchandising means buying goods at the lowest possible cost and selling them at a fair mark-up so as to realize a profit.

The profit on the average sale is in the last payment

(*Continued on page* 21.)

Volume *Does* Justify Longer Terms

(*Continued from page* 18.)

becoming a power in business development, known as a business builder.

We have been passing up a lot of business which we previously looked on as not good business for the reason that people could not meet the required down payment or monthly payments which we have had in force for a number of years. We also refused to open thirty-day accounts because they did not measure up to our old standard. A large number of thirty-day accounts have been closed in the last few years, both by the customers and the stores, because they were in no position to pay according to our terms. But if we will extend the above customers longer terms, with a small carrying charge, they will be able to buy more merchandise and pay for it as agreed.

3. Howard Higgs:

There can be no doubt that volume justifies longer credit terms. Conditions have changed a great deal and business men have been forced, to some extent at least, to recognize these new conditions. Some retailers have revamped or entirely changed their credit policies to conform with the present trend of buying and paying for the merchandise over a longer period. The consumer will buy more and a better grade of merchandise, and just as frequently, when he or she knows it can be paid for over a longer period rather than buy less merchandise and have to pay for it in a shorter period.

It is my contention that granting longer terms makes the consumer feel more secure and there is no doubt that the average consumer will pay more promptly over a longer period than during a shorter period. Merchants are losing business by declining to grant longer terms to an individual who has been a good customer for some years. I recall an instance where a consumer who was in the market for a diamond ring had gone to a 30-day house, where he had been a customer for quite some time. Naturally, he was desirous of buying fine merchandise and knew he couldn't pay for it in thirty days but could pay for it without difficulty in a longer period.

Apparently, the credit manager refused to grant the longer period, stating it was contrary to the store's policy. Consequently, the consumer went to another more liberal thirty-day house, where he was not a customer, and inasmuch as the bureau had reported a satisfactory record, the account was opened. Therefore, it is most likely Store No. 1 lost a good customer because he was declined the privilege of paying over a longer period, while Store No. 2 gained a customer and made a satisfactory sale, which naturally added to its volume of business. This, undoubtedly, substantiates the fact that volume does justify longer credit terms.

A merchant has but one object in view, and that is to sell more merchandise at a fair profit. Therefore, any ethical means he uses toward increasing his volume should be considered. If credit is ethical, then credit terms are ethical. How to sell more merchandise is a merchandising problem. How to pay for it is solved by how we educate the public. By taking away credit terms, the public's buying power will decrease. If there were no credit terms, there would be just a fragmentary percentage of automobiles, oil burners and electrical appliances sold.

Therefore, it is my contention that the more attractive the credit terms are, the more the public will buy better merchandise, thus increasing volume. Take, for an example, the consumer who is desirous of buying a suit of clothes. Inasmuch as the merchandise must be paid for in 30 days, he limits himself to cheaper merchandise or a $20.00 suit, but if he were granted a longer period in which to pay, there is no doubt he would buy better merchandise or a $40.00 suit, thereby making more volume and profit for the store. The consumer wears better merchandise and this creates a better morale. By extending longer credit terms, the store sells more merchandise, sells better merchandise. Therefore, it has a greater turnover in stock during the year, more customers and, consequently, greater volume and a larger profit.

4. F. G. Metz:

We have presented as an argument, the "budget-mindedness" of the people of today. I doubt if there is anyone who will argue this point. I feel that here is an opportunity to create a larger volume by capitalizing on this public trait. There are scores of people today who, given an additional time to pay, would purchase better grades of merchandise ***and more merchandise.*** These people constitute good credit risks who, under extended time, could and would purchase more on their accounts. This added volume surely would justify longer terms.

There are also large numbers of people who have open accounts and don't take care of their previous month's obligations promptly but do send in regular checks. This practice has become a habit with them rather than a necessity. We all know that people who are a little slow, hesitate to come into a store to purchase but as soon as they are "cleaned up," they rush in and purchase again. By granting longer terms, these people automatically become up-to-date payers and therefore, are open to buy almost constantly. We, therefore, have a customer who is not a bad credit risk, creating a larger volume, which is justified.

What store today will not, when an established customer requests, extend its risk over a period of longer than thirty days? This is done every day, and should be done, but let a customer, equally capable of paying, request such terms at the time of opening an account and he will be turned down. This is not fair!

Here we have a customer honest enough to come out in the open and state his position yet he cannot open an account with the idea of taking longer than thirty days. He could very easily open the account with mental reservations and later request and get longer time to pay. Why shouldn't we come out in the open and meet this customer half-way?

He will be just as good a customer as the established one whom we have, on request, allowed longer terms, but we insist on penalizing him. He is driven out to purchase elsewhere or he is forced to buy an inferior

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Volume *Does* Not Justify Longer Terms

(*Continued from page* 19.)

and when payments are extended profits are pushed farther away and subject to economic upheaval.

Manufacturers do not compete in terms. Their invoices are billed on standard terms and if they refuse to gamble with established business houses, why should we gamble with the general public?

Ready cash permits the discounting of invoices and these discounts form a large part of the annual earnings. Turnover is an additional source of earning, as it multiplies the net and is only accomplished when the merchandise is fully paid for.

New merchandise creates a satisfaction in the mind of the customer that lasts for a limited time, and then changing styles, changing tastes, or price changes wipe out the first warm glow of pride and a resentment against paying for an old or worn article arises making collection harder (and even default seem honorable).

If the average thirty-day account is sixty-nine days outstanding, as national surveys show, can you expect compliance with longer terms?

Each community has a certain potential buying capacity. Any plan to extend terms may increase gross volume but it is at the cost of some other merchant who has sounder methods and it will eventually react on those making the extension.

With city, state, and national budgets unbalanced—with currency on an unstable basis—with a vast upheaval in labor groups—it seems folly to weaken our present set-up by extending payments for purchases for a greater length of time.

I don't believe there is any doubt in your minds that when terms are made longer there is a point at which profit vanishes and every sale is a distinct loss to any retail store. Just where that loss begins is governed by several factors such as style changes, costs of collection, volume of turnover per dollar invested, etc.

It would be very hard to guarantee that there would not be legislation, from year to year, that would affect the contract taken two or three years previously. We all expect to have legislation which will control add-ons, and the amount of carrying charge, etc. Longer terms would be very dangerous because of style changes which would affect resale value and we may face a falling price market, at any time, *where the amount owing on a long term contract will not be the value of the merchandise at that time.*

You saw what happened during the last depression to real estate values. It is not beyond possibility that the resale of hard merchandise, such as electric appliances, will be washed out by new inventions and new ideas! We will have television within the next year; then of what value will be a repossessed radio which was sold on two or three year terms?

Credit is based on the customer's ability to pay, and we cannot foretell that our customer of today will have a job two or three years from now which will permit him to continue to make his promised payments. If we are to extend credit over a longer period of time, we must rely solely on the honesty and ability of the individual to pay his account as he contracted. We cannot rely on the resale value of the merchandise.

A grave collection problem will creep into the long term contracts too, because in order for us to have successful collections we must be able to keep informed as to the customer's employment, his living conditions and, at all times, we must have his correct address. Long term contracts will mean that we will have to have a very careful follow-up which will be expensive, and it will be almost impossible to keep advised as to the customer's employment if he wishes to keep us from obtaining that information. Sickness and death will have to be considered seriously if we are to grant longer terms.

One of the reasons for careless credit granting is the retailer's quite natural desire to outdo his competitor in *volume* of business, forgetting entirely about the *quality* of the business. We cannot afford to engage in the competition of credit terms which will surely take place if we extend the terms of our contracts.

We would do our customers an injustice by extending the terms of our contracts because they would be tied up for a long period of time, and could not make new purchases during the life of their contracts. They would be paying all they could afford on the old contracts, if they were properly written.

Let us sell merchandise, not terms, because unless our customers feel they have an interest in the merchandise purchased, they will not hesitate to send it back after they become tired of it, or when another depression comes along.

4. Gordon W. Fischer:

I would ask you to keep foremost in your mind the fact that our employers, *the merchants, are primarily in business to make profit,* not see how much business they can do. Volume does not *always* mean profit.

Our first speaker has endeavored to show you that competition in terms is unhealthy, and for the most part, unprofitable. Competition should be limited only to retail fundamentals—merchandise, and service. Bear in mind that credit is a convenience, *not a financial accommodation,* and customers who desire long term payments should be directed to the proper institutions, whose sole purpose in business is to loan money over a long period of time. It is only natural to presume that extending longer terms will react unfavorably on your regular open account customers, who may also demand more time.

Our second speaker has told you that too long terms are unsound economically. It is an old rule that merchants' accounts receivable should be as liquid as possible at all times. Bank loans are based primarily upon liquid assets of a merchant and the loaning value of a long term account would be questionable, whereas open accounts or short term contracts would serve as a better basis for bank loans. This is important as merchants oftentimes find it necessary, at certain times of the year, to seek bank loans.

Thirdly—labor conditions, too, are to be reckoned with when carrying accounts over a long period of time. Additional bookkeeping expense and collection costs should be considered. The U. S. Department of Commerce and others continually emphasize this: Increase the turnover

(*Continued on page* 23.)

A *Somewhat Different* Loan Plan

By C. W. REMELE
Manager, The Credit Bureau of Santa Barbara, Santa Barbara, Calif.

UNIQUE in some respects is the Loan Department of the Credit Bureau of Santa Barbara. We claim no originality for the basic idea. But we believe we have developed certain features which make it possible for even the smallest communities in which a credit bureau is operated to replace the pooling of delinquent accounts with the much more satisfactory "finance plan."

Back in 1933, a special "Employers' Cooperation Committee" was appointed. The job given to this committee was that of inducing employers, particularly those who belonged to the Bureau, to insist on more prompt payment of accounts by their employees.

After studying the problem for some time, one member of the committee suggested that we wouldn't get very far unless we could provide the employer with an "out" when his employees had become delinquent through illness or other causes beyond their control. The logical answer was financial assistance and that indicated the establishment of a Loan Department in the Bureau.

That year, as some of you may recall, was not the most favorable time in which to raise capital for new enterprises, particularly when the obvious source of such capital was among the retail store members of the Bureau. Nevertheless the banks, some of them, had plenty of money for the right kinds of loans if they could only find them.

So an outline of the proposed method of operation was drawn up, presented to the County National Bank of Santa Barbara, and promptly accepted on trial. So far as we know the bank has never regretted its action.

The set-up, in brief, provides for the usual agreement by each creditor that he will repay his *pro rata* share of the loan in case of default by the debtor. It provides also for an "Application for Loan" giving a complete list of accounts owing, an estimated monthly budget of expenses, a statement of income, etc., an authorization to the Bureau manager to act as agent of the debtor in negotiating the loan, and a promise by the debtor not to incur further obligations during the life of the loan *without the consent of the lender*.

All transactions are handled in the name of the Bureau Secretary as Agent in order to avoid the complications involved in the corporate organization of the Bureau. Checks are mailed directly to the creditors and a letter is written to each debtor after the loan has gone through giving him a statement that this has been done, and listing the amounts paid.

Most loans are arranged to be repaid in twelve equal monthly installments. When debtors are married, both husband and wife are required to sign the note.

Ordinarily, the original loan made to a debtor covers his entire open-account indebtedness and, in some cases, secured accounts may be included. Occasionally, however, the amount owing is much too large to be taken care of by the debtor in one year's time.

The method then used, if the conditions are right, is to arrange with the creditors for a partial loan which will pay off the same percentage to each creditor, with the expectation that, at a later date, a further loan can be made which will take care of the balances remaining unpaid. This plan has worked out very successfully in a number of instances.

A special agreement form is used to provide for the guarantee of the later loan which is contemplated, and it is understood with each creditor that he will not attempt to collect the balance of his account from the debtor as long as the original loan is being taken care of satisfactorily.

A handling fee of 5 per cent of the amount of his account is charged against each creditor but in many cases the debtor assumes this charge by including it in the note. A service charge on unpaid balances is charged at the rate of 10 per cent per annum. In the case of each loan the bank carries a demand note, signed by the Agent, secured by the debtor's note and the creditors' agreements, and bearing interest at 7 per cent per annum, thus allowing the Bureau a margin of 3 per cent.

All payments are made to the Bureau office and turned over to the bank every day or two. The bank, which of course passes on the desirability of each loan before it is made, looks solely to the debtors' notes and the creditors' agreements, relieving the Bureau and the manager from any liability.

Our starting capital was, literally, ten dollars cash with which to make change. A four-figure bank balance was eventually built up but it is never used for loans.

A few statistics will be of interest. Up to April, 1937, a total of 209 loans aggregating $54,940.05 had been made. The average size of the loans is thus about $263, but most of them are under $200, the average having been raised by five or six loans in amounts of over $1,500.

In only two cases, thus far, have we called upon the creditors to reimburse the bank for unpaid balances and in one of these cases the loan was over 90 per cent paid. The amount refunded by the creditors was $444.54, less than 1 per cent of the total loans made. We have at present two or three other delinquent loans on which the creditors will probably have to make refunds eventually.

We have never advertised the Loan Department except by word of mouth. Applicants are usually sent in by a member to whom a past-due account is owing or by one of the local banks where the debtor has applied for a personal loan. We have not found that either the banks or the finance companies, all of which are subscribers to the Bureau, feel that we are taking any business of consequence away from them because in the majority of cases our loans are made to people who would not be able to qualify as bank or finance company borrowers.

The County National Bank has found the arrangement very satisfactory and profitable. The bank examiners on several occasions have stated that they considered

our loans among the most desirable of the personal loans in the bank's portfolio.

The benefits of the plan to the debtor are more or less obvious. If he is sincere in his desire to get back on his feet financially, it offers him relief from the insistence of numerous creditors that their accounts be taken care of immediately.

This is particularly the case when the debtor has recently secured a steady position after a period of unemployment. Barring further misfortunes, it also enables him to pay his current living expenses as he goes along while at the same time catching up on his past due obligations.

With each debtor, we arrange a budget which should take care of his normal expenses and leave him enough over to make the payments on his loan. If the conditions of income and expense do not appear to permit this, the loan has to be refused. We know definitely that in a number of cases we have actually enabled people to avoid bankruptcy, loss of employment, and other misfortunes.

To the creditor the benefits are also plain. Having perhaps extended credit unwisely, he is rescued at small cost by the Bureau, and liquidates an account which would otherwise have been collectible only over a long period in small installments. It is of course impossible to determine accurately the amount which the plan has actually saved creditors, but out of the more than $40,000 which has been loaned and repaid we are confident that at least $10,000 would never have been collected at all.

The Bureau makes a moderate financial profit from the operation of the department but finds its chief satisfaction in the fact that it is performing a valuable service to individuals, bureau members, and the community. The rehabilitation of debtors is certainly a proper and important function of bureau operation.

At the same time an opportunity for education of the individual in better management of his credit dealings is offered. Education of Bureau members in sound credit control is facilitated by the frequent examples of credit abuses which appear. Valuable contacts with nonmembers are made and occasionally result in new subscribers.

Professional members, particularly, are tied closer to the Bureau as 35 to 40 per cent of the loans made are to pay off doctor and hospital bills. With us the Loan Department has entirely eliminated the "pooling plan" which we always found very unsatisfactory.

All in all, we believe the institution of the Loan Department has been one of the most successful and valuable projects ever undertaken by our Bureau. The fact that this plan can be operated with no starting capital removes the chief stumbling block which others have encountered.

Santa Barbara is very largely a residential city, with a comparatively small proportion of its inhabitants on a payroll basis. We believe that in an industrial community the opportunities for a Loan Department such as ours would be greatly multiplied and the need for one correspondingly greater.

Sound Credit Control is the present goal of the credit fraternity. We highly recommend the organization and operation of loan departments in credit bureaus as a real help in placing the credit structure on a more firm foundation.

Volume *Does* Justify Longer Terms

(*Continued from page* 20.)

quality or lesser quantity for which he can pay for in thirty days. No one can doubt that if met half-way, this individual would be a good customer. Certainly this added volume is justified.

There are many houses which sell hard line merchandise on a title-retaining contract. A carrying charge is added to the cash price of the item purchased but the customer is given the cash price if the account is paid in ninety days. Why cannot these same terms be granted on soft line merchandise without a title-retaining contract? This will necessitate a more alert credit granting but it can be done and the added volume will justify the granting of longer terms.

Volume *Does Not* Justify Longer Terms

(*Continued from page* 21.)

of your capital if you want to increase profit. One can readily see that long term contract accounts would work just oppositely to this theory in spite of the interest or carrying charge collected.

Our third speaker has pointed out that there is constant danger of restrictive legislation being enacted which would affect contract or long term accounts. There seems to be a tendency on the part of the law makers to amend and change the status of these accounts from time to time. Do not overlook also the natural causes for delinquency, such as death, illness, and unemployment, which over a longer period of time are of considerable importance.

We would also have you consider price fluctuation, changes in condition of goods due to wear and unseasonableness. All these causes would tend to slow up the collection of long term accounts.

A merchant's accounts receivable should be equally distributed between current or charge accounts and long term or contract accounts. A top-heavy condition of the latter would affect the cash position of the merchant.

We should always keep in mind that a sale is not a sale until the money is in the till. What we would have, then, in place of sales, would be promises to pay, *at a distant future time,* with no absolute guarantee of fulfillment.

It is a recognized fact that manufacturers do not compete in terms. Therefore, why should retailers consider doing so, to the detriment of all?

In conclusion, someone has said that "Immediate profit gained at the expense of future patronage is bad merchandising." I believe all those enthused about longer terms should consider these wise words.

There is *only so much* present or future consumer demand and purchasing power in any community. *Longer terms cannot increase them,* so long as the population of the community remains constant.

Do not be misled by an increase in sales, brought about by extending terms, as your neighbor will do likewise, and so on down the street. In the end we will all have slower turnover of our capital, more delinquent accounts, and less profit. Therefore, we are of the opinion that increased volume *does not* justify longer terms, all things considered.

Credit News Flashes--
Personal and Otherwise

District Two to Hold Annual Meeting at National Convention

Leonard Berry, President of District Two, writes that the officers of that district have decided to hold its annual meeting at Pittsburgh in June, concurrently with the National Convention.

* * *

Minneapolis Holds Annual Election

The Minneapolis Credit Exchange, Inc., at its annual meeting September 13 elected the following:

President, Kenneth W. Gilkerson, St. Anthony & Dakota Elevator Co.; Vice-President, Paul H. Williams, Pittsburgh Coal Co.; Treasurer, Dell A. Drews, Twin City Insurance Agency; Secretary, S. L. Gilfillan; and Assistant Secretary, A. C. Stevenson.

Directors: W. M. Linn; E. L. Murnane; and R. J. Mularkey.

* * *

Morris Plan Bankers Elect

Ralph W. Pitman, President of the Morris Plan Company of Philadelphia, was reelected President of the Morris Plan Bankers Association for the third consecutive term at the Association's 18th annual convention just concluded at Colorado Springs, Colo.

Other officers elected were: First Vice-President, James R. Fain, President, Morris Plan Bank of Winston-Salem, N. C.; Second Vice-President, Harry E. Pratt, President, Morris Plan Company of Cedar Rapids, Iowa; and Executive Secretary and Treasurer, Joseph E. Birnie, Richmond, Va. The Association will maintain its national office at Richmond, Va., during the coming year.

* * *

Arkansas State Association Elects

The Arkansas Credit Association held a very successful annual meeting at Little Rock, September 19 and 20, and elected the following officers and directors: E. D. Horton, Lide's, Inc., Camden, President; E. L. Jordan, Oklahoma Gas Co., Fort Smith, Vice-President; and E. F. Callaway, Pfeifer Bros., Little Rock, Secretary-Treasurer. Directors: J. W. Strawn, Little Rock; P. C. Hamilton, Little Rock; R. C. Warren, Pine Bluff; F. A. Hollingsworth, El Dorado; J. L. Hughes, Benton; and J. B. Haberer, Fort Smith.

* * *

The Credit Women's Breakfast Club of St. Louis was organized at a preliminary meeting September 15. A meeting for permanent organization and election of officers is scheduled for October 20.

Information Wanted--

as to the present address of Sidney Albert Williams, who formerly operated a ladies' dress shop in Birmingham, Ala.

Write the National Office

In Memoriam

Harry V. Ostermayer

Harry V. Ostermayer, Credit Manager of Woodward & Lothrop's, Washington, D. C., for a long term of years, died September 13, after an illness of three months. He had served Woodward & Lothrop's for more than 35 years, having begun work there shortly after leaving high school.

Formerly a National Director, he had always taken an active interest in National affairs.

* * *

Edward A. Filene

Edward A. Filene, President of Wm. Filene's Sons, Boston, died September 26 at the American Hospital in Paris, at the age of 77. He became ill of pneumonia while on his way to London after a tour of Europe.

The son of a Polish immigrant, his life was one of the romances of modern retailing. Internationally known, he was a leader in many progressive movements, his latest plan being a chain of cooperative department stores.

* * *

Harvey M. Phifer

Harvey M. Phifer, General Manager of the Joseph Horne Company, Pittsburgh, Pa., passed away in a Pittsburgh hospital September 25, at the age of 72. He had been with the Horne store for 50 years, having started as a ribbon clerk.

* * *

Louis Phillips

Louis Phillips, President of the Burger-Phillips Company, Birmingham, Ala., department store, died September 7, at the age of 74, according to advice received by the National Office.

The "Credit World" Gets Results!

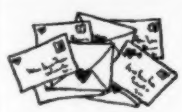
Alfred J. Meier, Manager of Credit Sales, H. Choate & Company, Winona, Minn., ran a short notice in the May Credit World, seeking the address of V. C. Browning, owner and exhibitor of the trained dog, "Rinlo."

On May 14, Bernard B. Cantor, Manager of the Adjustment Department of the Retail Credit Association of Portland, Oregon, sent the above firm a telegram advising them that he had located Mr. Browning and "Rinlo."

* * *

Notice to All Breakfast Club Presidents

Please mail at once a complete list of officers of your organization, giving name, firm employed by, and address of each, to Miss Avadana Cochran, President, Credit Women's Breakfast Clubs of North America, Kitsap County Credit Bureau, Bremerton, Wash.—Ruth Ross, *Financial Secretary,* C. W. B. C. of N. A.



Letters That Cross The Editor's Desk

I shall be very glad to serve on the Installment Terms Committee, as representative of District 13, and am appreciative of the appointment. I am deeply interested, as you know, in the whole subject of installment terms and am thoroughly in accord with your splendid editorial in the September CREDIT WORLD. Your organization is certainly doing a splendid work. Success to you in your efforts toward coping with the menacing influence of long credit terms throughout the country. It is a pleasure to offer you my cooperation in the national movement.—R. O. Bonner, Credit Manager, L. S. Ayres & Company, Indianapolis, Ind.

* * *

The credit men of our country have had a great deal of pressure put on them during the past four years and for a time it seemed that competition in terms was about the only competition the country had to offer. The tendency seems now to be to work the thing back to some solid condition again.

Let us express the hope that the National Retail Credit Association will continue its efforts to put the retail credit business of the entire country on a definite and solid foundation.—J. J. Valentine, Credit Manager, J. Goldsmith & Sons Co., Memphis.

It is with a real feeling of appreciation for the honor conferred on me that I accept the appointment as a member of the Installment Terms Committee from District Seven. I am heartily in accord with the attempt to curtail the prerogatives which a number of manufacturers have taken in connection with advertising terms for payment for their products inconsistent with good business practice, or at least what we consider good business practice.—Ira D. Bloom, Assistant Manager, Department of Accounts, Stix, Baer and Fuller Company, Saint Louis.

* * *

No doubt you have received words of praise on the Convention held at Spokane. I cannot let this opportunity pass without adding my congratulations to yourself and the Convention Committee on the choice of speakers and the subjects of their addresses.

The group meetings that I attended were interesting, informative and instructive. In fact, I feel that the contacts made and information obtained from sitting in at these group meetings are well worth the entire expense incurred and time taken in attending the Conventions of the National Retail Credit Association. At the close of each Convention, I look forward to the next.—H. W. Ashton, Credit Manager, Winnipeg Electric Co., Winnipeg (Man.), Canada.

* * *

As we go to press, news comes of the appointment of Doctor David R. Craig as President of the American Retail Federation to succeed Col. Clarence O. Sherrill, now City Manager of Cincinnati. Research Director of ARF since 1935, he has been its acting head since Col. Sherrill's resignation.

Personal Mention

Henry Frankel, formerly Secretary-Treasurer of Younker Bros., Des Moines, Iowa, was elected President of the firm September 14 to succeed the late Norman Wilchinski.

* * *

The Stewart Brothers Hdwe. Co., of Memphis, Tenn., of which W. R. Kendall, former National Director, is Credit Manager, celebrated its 50th anniversary last month.

* * *

D. F. Kelly, active head of the Fair Department Store, Chicago, celebrated his 70th birthday, August 23, by appearing at his desk and going through the day's routine as usual. He has been working uninterruptedly in the retail business of Chicago for 59 years.

* * *

Lew Hahn, Managing Director of the National Retail Dry Goods Association for ten years, returns to the management of that association October 1, it was announced recently.

Channing E. Sweitzer, who has served as Managing Director and Treasurer of the Association since Mr. Hahn resigned that post in 1928, will remain in the same capacity.

Coin-Coaxing "Closers" For Your Collection Letters

By DAVID MORANTZ

Manager, Morantz Mercantile Agency, Kansas City, Kansas; President, Kansas City (Kansas) Unit, N.R.C.A.; Author of "Proven Plans to Speed Collections and Timely Tips to Trim Office Overhead"

DID you ever write what you thought was a "hum-dinger" of a collection letter—and then find yourself at a loss as to how to close it? Of course it is important that your letter's opening paragraph attract the attention of your reader.

It is likewise necessary that subsequent paragraphs be written so your debtor will continue to read it, but—most important of all—it *should close with a "clincher" that will impel action,* that will induce your debtor to reach for his check book, write a check, mail it *right now—and make him like it.*

There are a number of emotions to which you may appeal in that closing paragraph to induce him to remit.

Twenty-five years spent in collecting accounts—good, bad and indifferent—have taught me that an appeal to which one debtor will respond will prove entirely ineffective with another.

Assuming that you admit the logic of this, you may decide—as numberless alert collection managers have—to arrange your collection letter series to include appeals to different emotions.

After your customer has disregarded, say, two statements, you may first want to appeal to his *sense of fairness.* If so, here are a few suggested "closers" for such a letter:

"Circumstances may have arisen to temporarily prevent your taking care of your installments as they fell due, but this need not prevent your replying to our letters."

OR

"Let us remind you that we agreed to accept monthly payments which suited your convenience. Have you been fair to us in keeping up those payments?"

OR

"We know you believe in a 'Square Deal.' Let us have one."

OR

"When a man allows his account to lag, there is an irresistible desire to go elsewhere for his purchases until his bill is paid. Is this fair to the firm that extended credit? Are you penalizing us for having given you credit?"

OR

"A check from you by return mail will confirm our belief that you DO believe in the square deal."

OR

"Are we not entitled to the courtesy of a reply?"

"We Appeal to Your Pride"

If your debtor's vulnerable spot is *not* his sense of fair dealing, you might try, in your next letter, an *appeal to his pride.* Among the following you may find the "closer" you want with which to close that letter:

"No man of any pride or self respect can relish being constantly reminded of his debts."

OR

"Can any person take pride in being classed as an undesirable credit customer?"

OR

"This firm has always valued you as a customer, and hopes you will always continue. Kindly regard this merely as a reminder and make remittance to us by draft, Post Office or Express Money Order, in enclosed envelope."

OR

"The excellent condition of your previous accounts with us indicates your pride in being prompt. Your early reply with check will make any explanation unnecessary, as it will confirm our estimate as to the character of your credit standing."

"Do You Value Your Credit Standing?"

One of the most effective of all appeals is that which *suggests the possible damage to his credit standing* resulting from his neglect of the account. For example:

"Won't you remit at once, giving us the use of our money and yourself a good standing with our credit department?"

OR

"Don't you see that by treating us in this unjust and unbusinesslike manner, you are seriously injuring your own credit?"

OR

"There are two kinds of confidence: self-confidence and the confidence that others have in you. A good credit standing inspires both."

OR

"Only by religiously living up to every agreement, discharging every obligation when due, is credit kept good. Send in that check today!"

OR

"Did you ever stop to realize that indifference and neglect of correspondence AFFECTS YOUR CREDIT STANDING?"

OR

"Punctual payment assures you of a good CREDIT REPUTATION."

"Must We Take Other Measures?"

However, there is no question but what the *appeal to debtor's sense of fear* is by far the most potent of all. Of course, this should be used only as a last resort but—if and when you decide such an appeal is necessary—you

(*Continued on page* 31.)

Bread and Milk Credit Problems

Bread and milk form a very important part of the daily menu of millions of people. Both are delicious and wholesome foods. In fact, a bowl of bread and milk is a fit dish for a king.

While bread and milk credit is not so universal, yet millions of tons of this wholesome food are sold daily on a promise to pay. When promises are made some are broken. That has been true in the Dairy and Bakery trade and as a result ways and means of correcting them have had to be devised.

In Cleveland, the credit men of this trade have been cooperating with the Cleveland Retail Credit Men's Company. A trade group was formed and has been functioning for several years with good results.

R. K. Shupp

At a recent meeting of the Group, Mr. R. K. Shupp, Credit Manager of the Spang Baking Company, was elected Chairman, and Mr. B. J. Erhard, Treasurer of the Meyer Dairy Company, was elected Vice-Chairman. Both of these men are enthusiastic supporters of the Group and are at present planning an interesting program for the Fall and Winter months.

The group is composed of twenty-five of the largest and most representative companies in Cleveland. It has been in existence for several years with A. Hirschman, formerly of the Telling Belle Vernon Company, as its Chairman for the past three years. Mr. Hirschman was very largely responsible for building the group to its present place of importance to the trade it represents.

One of the first things the Group endeavored to do was to obtain, as nearly as possible, a uniform credit policy in an effort to educate the public that credit extended for dairy and bakery products is worthy of the same consideration and attention as any other commodity purchased on credit.

Another forward step was taken by requiring a credit application on all new credit customers, that is, customers asking for monthly credit accommodations. While some opposition was encountered by route salesmen, yet that very fact caused them to urge their customers to pay weekly or bi-weekly, which is a very desirable feature of the dairy and bakery industry. General shortening of credit terms helped to reduce bad debts and losses to a minimum—the result being a quick turnover in the business with salesmen securing their commissions about three weeks earlier than on the monthly basis.

One very valuable feature of the group has been the reporting to the Credit Bureau of all accounts where service has been discontinued because of unsatisfactory pay record. This information thus became available to all credit granters as well as to the members of the dairy and bakery group.

Mr. Shupp says that one of the most important group functions is the interchange of ideas at monthly meetings. The following is a list of subjects Mr. Shupp plans to have discussed at meetings during the next few months:

1. Collection Letters.
2. Credit Forms.
3. Locating Skips.
4. How to Shut Off Credit and Keep Goodwill.
5. Understanding and Enforcing Credit Terms.
6. How to Open New Accounts.

Attendance at meetings is excellent and discussions interesting and to the point, with every member participating. The Group not only recommends bread and milk as a daily food, but a bread and milk group for all credit men engaged in the dairy and bakery industries.

The Barometer of Retail Business

(*Continued from page* 11.)

Collections were unchanged in *Cheyenne, Wyo.*, during August. There was some reduction in railroad employment due to labor unrest. "There is still too much installment selling on long terms," Cheyenne reported. . . . Collections, credit and total sales increased 5.0 per cent respectively in *Torrington, Wyo.*

Collections were off 3.0 per cent in *Kelso, Wash.*, as a result of the local mills operating on a six-hour day. . . . Collections in *Vancouver, Wash.*, were only fair due to labor trouble.

El Centro, Calif., reported their collections, credit and total sales fair due to better prices for farm products and an increase in buying power. . . . Collections were off 1.0 per cent in *San Francisco* while credit and total sales remained unchanged. Longer terms are prevailing at the present time. . . . Collections remained unchanged in *Santa Barbara, Calif.*, while credit and total sales increased 2.0 per cent respectively.

Collections remained unchanged in *Victoria, B. C.* Credit sales, however, increased 5.0 per cent while total sales were the same as in August last year. There has been a tendency toward an increase in cash rather than credit sales.

George A. Lawo, New Gerber Head

George A. Lawo, who has been connected with the John Gerber Company, Memphis, for more than 27 years, was elected vice-president and general manager in charge

of the store, August 31, at a regular meeting of the board of directors. He succeeds the late Fred G. Beurer, who died August 9.

The photograph shows Mr. Lawo seated at his desk, surrounded by flowers and congratulatory messages.

His election as vice-president is the culmination of 27 years of service with the Gerber store where he began as head bookkeeper. Later he was made credit manager and then secretary-treasurer, which positions he held until his recent advancement.

In taking over the business direction of Gerber's, Mr. Lawo said he would supervise the merchandising but would not become active as a buyer as had his predecessor.

He served three terms as president of the Memphis Retail Credit Association and, in 1920, after having held practically every other office in the National Retail Credit Association, was elected National President. At the Memphis Convention, in 1934, he was unanimously elected *President Emeritus* of the National Association.

An ardent supporter of the National Association, he has always been a regular attendant at National Conventions. Mr. Lawo's appointment was accompanied by advancement to four other members of Gerber's staff. P. A. McPhillips, with Gerber's for 34 years, and in charge of public relations, succeeds Mr. Lawo as Secretary. William K. Moriarity, with the store for more than 40 years, is named second vice-president and continues as advertising manager.

E. A. Bizot, with Gerber's since 1925, becomes assistant secretary and continues as director of personnel. John L. Glankler, after 26 years of service, becomes assistant treasurer and credit manager.

Optimism - - A Credit Asset

By JAMES S. CRAIG

Credit Manager, Lindquist-Lilly (Men's Apparel) Seattle, Wash.; Past-President, Seattle Retail Credit Managers

"Optimism" has not been an overworked word since the depression, but it really is one that all of us might use and think of more often, especially in the credit business.

At the Spokane Convention, there seemed to be plenty of optimism and everyone was more or less carefree and happy—a fine spirit for a convention and yet it occurred to the writer that if we could carry some of this feeling into our daily work and contact with the public, we might sell more merchandise for our firms.

After all, it is well to remember that the primary purpose of a store is to sell goods—that the credit manager who can add to his sales without running up losses is a very popular member of any organization!

After the merchandise manager has performed his duty and brought the latest and most desirable merchandise to the store—after the advertising manager has brought the customer in—there still remains the problem of *selling the credit policy* of the store to the customer.

Have you ever noticed the expression of prospective credit customers, awaiting their turn to be interviewed? In many cases, it seems that their faces tell of terrors to come, such as we see in a dentist's waiting room!

The attitude of the credit manager is now of great importance. I have heard one merchant describe the credit man as the one with the "iron hand in the velvet glove." Different classes of stores approve different methods in their credit men's contacts with the public.

One credit manager I know goes so far as to grasp the customer by the hand, slap him on the shoulder and tell him the "store is yours," and (by the way) he puts over a big volume of sales. Others adopt the "banker" attitude, fixing the prospect with a stern gaze, and demanding answers to various questions. Again, we have the "authorizer" or credit man who buries his head in a pile of papers, firing a long list of questions at the customer.

Probably the best approach is one that puts the customer thoroughly at ease and as the conversation continues, holds his interest and desire for the merchandise he wants to buy. Many people become surly when asked too many questions and when one contacts this type of customer, if the rules permit, it is possible to dispense entirely with any writing at the time of the interview and yet get all information necessary. The customer's name and address are available and everything on the credit application can be memorized by the credit man and written down later.

If all members of the credit department who come in contact with the public could remember that they represent a sales organization, that their attitude may help or spoil a sale, that they are essentially salespeople, the cost of selling merchandise might be materially reduced through greater volume.

New Membership Campaign Gains Momentum

NOW that vacations are over, there seems to be more and more interest in the membership campaign for the year ending May 31, 1938, which is now under way:

Membership Prizes

Each of the chairmen (Regional, State and Local) reporting the greatest number of new members—likewise the credit manager *or* bureau manager personally securing the greatest number of new members—will be awarded a prize of $50 against Convention expenses. If any winner is unable to attend the Pittsburgh Convention, a beautiful pen and pencil set (with onyx base suitably inscribed) will be presented in lieu of the cash prize.

To each individual member reporting 15 or more new members will be presented a pen and pencil set—and 25 or more new members, a handsome electric desk clock, suitably inscribed.

Electric desk clocks will be presented to one Credit Executive and one Bureau Manager or one member of Credit Bureau personnel for outstanding membership achievement.

Local Association Trophies

Three trophies will be awarded, as follows:

1. To the Local Association with the largest membership in proportion to population.
2. To the Local Association with largest membership.
3. To the Local Association reporting *greatest number of new members.*

* * * * *

Edmonton, Alberta, Canada, Association Becomes 100 Per Cent National Unit

The Board of Directors of the above Association, following the Spokane Convention, decided to make Edmonton a full-fledged unit of the National, so that each member would receive educational benefits of The Credit World and other benefits of National membership. The efficient Secretary of the Association, Mr. C. H. Williams, wrote that the decision of the Board was a unanimous one and he was happy to so report.

The credit goes largely to Mr. Williams, who became interested in the National Retail Credit Association at the Pacific Northwest Council meeting held at Victoria, B. C., in May, 1936, and who was an enthusiastic delegate at the Silver Jubilee Convention in Spokane last June.

* * * * *

Membership Chairmen

G. A. Marbach of San Antonio, representing District 8, promises 300 new members from Texas for the fiscal year ending May 31, 1938.

Mr. Marbach is an enthusiastic worker, and a strong believer in the advantages of Local and National membership. With the cooperation of several San Antonio associates, he recently organized the Victoria (Texas) Association, all members of which automatically became National members.

Since the conference of District 8, last May, Mr. Marbach has reported a total of 51 new members.

* * * * *

President H. G. Orndorff of the Memphis Retail Credit Association assured your General Manager-Treasurer on his recent visit to Memphis that the Membership Committee is now on the job and he feels safe in promising 100 new members between now and the Pittsburgh Convention next June. Memphis is the second city in the South in membership standing, being ranked by its sister city, Nashville, and Mr. Orndorff stated *it will not be for long!*

* * * * *

The Elkins, West Virginia, unit was organized in May, with 23 members, since which time 16 additional members have been reported. L. L. Cook, the Secretary of the unit and in charge of The Credit Bureau, Inc., wrote that all members of his Bureau will become National members.

* * * * *

Springfield, Mo., Has Rousing Meeting

Mr. R. A. Moffitt, Manager of The Credit Exchange of Springfield, Mo., reports 100 present at a meeting on the evening of September 9 addressed by Mr. J. D. Burwell, who covered very thoroughly the painstaking care exercised in the preparation of a credit report. Many members left the meeting with a different viewpoint of credit reporting and the service rendered to retailers by the Credit Bureau.

At a dinner meeting on the evening of the 10th there were 140 merchants and credit personnel present. This meeting was addressed by General Manager-Treasurer Crowder of the National Office, whose subject was "Making Credit Profitable." As a result of the two meetings it is expected that a strong National Unit will be organized in the near future.

Time Payment Retail Selling--
Is It a Boon or a Bane?

TIME-PAYMENT retail selling is not an innovation of modern business. The Babylonians probably used such methods in selling, centuries before the dawn of the Christian era. The Egyptians made sales on time terms, and time payment plans were used in the Imperial City of Rome.

Present development, however, came with the development of modern merchandising which emphasizes customer service. Time-payment selling was first used in the United States by the house-furnishings firm of Cowperthwaite & Sons of New York City in the early part of the nineteenth century.

Editor's Note:

Through the courtesy of Dr. David I. Craig, Director of Research, American Retail Federation, we reproduce in this article the text of a pamphlet prepared by the Federation for general distribution.

Receiving popular acceptance from consumers, it soon spread throughout the country. Sewing machines, pianos, and the better grades of furniture and home-furnishings were soon being bought, used and enjoyed while being paid for on stipulated time terms. The advent of the low-priced automobile gave added impetus to this form of selling.

Time selling has advantages for both retailers and consumers. As a result more and better merchandise can be sold, and the resultant increased sales bring decreased prices. Time-payment selling plans have placed within reach of the mass of people articles of comfort and luxury which otherwise would be unobtainable.

Probably 90 per cent of the major home furnishings are now sold on time plans of various kinds. The development of such selling, in turn, has brought volume production to furniture manufacturing. As a result, the home owner of modest income can procure attractive designs and durability which at one time could be had only in the highest priced furniture.

To the retailer, time-payment selling is to be considered principally as a customer service. It is a courtesy to the customer. It permits him to pay for his purchases at regular intervals in accumulated amounts, as well as to use merchandise while paying for it.

That it stimulates sales needs no proof. But such selling has a heavy cost element. Bookkeeping work is necessary in the handling of time-payment accounts, regardless of the simplicity of the plans used. The retailer's money is tied up in goods which are possessed and used by customers. Such selling requires larger stock investments.

Changes in the prices of merchandise to the retailer increase the risk element in time-payment selling. Prices of merchandise still in the possession of the retailer can be marked up to meet replacement costs. But such costs cannot be protected on unpaid-for merchandise in the hands of consumers.

The cycle of a continuing retail business does not conclude with the sale of goods, but necessarily continues on to the replacement of those goods for the next sale. Both operating expense and profit can come only from the margin realized between the net sales price and the cost of replacing the goods plus depreciation in the value of goods remaining unsold.

Costs of time-payment accounts include: (1) credit office expenses, (2) interest on unpaid accounts, (3) losses from accounts marked off, (4) losses sustained on goods returned by or repossessed from customers, (5) added mark-up by the retailer to cover other risks which he finds involved in such selling.

The largest single expense is the cost of operating the credit office. This cost includes salaries and wages, maintenance, depreciation reserve for equipment, supplies, rent, and a pro-rated share of the overhead of the store.

Money tied up in accounts receivable at any one time is large for many time-payment granting stores. The interest cost to the retailer on all charge accounts during 1936 is significant: 264 million dollars, according to calculations based on figures of the United States Department of Commerce.

The retailer gets his money from the average installment account in about seven months and from open accounts in about two months.

Outstanding open accounts averaged $1,400,000,000 in 1936. A simple interest charge of 6 per cent on that amount would total $84,000,000, or a proportionate cost of 1.0 per cent of the total open account sales for the year.

For installment sales, the average amount outstanding was 3 billion dollars. Interest charges on that amount at 6 per cent would total 180 million dollars, or 3.7 per cent of total installment sales during the year.

Thus the ratio of interest cost to the total charge and budget payment sales in 1936 was about 2.0 per cent of the total credit sales for the year.

A very tangible cost of time-payment selling occurs from bad accounts. No such expense can be incurred when business is done on a cash basis. Both the store and the customer may be responsible for bad accounts. Very often, however, they result from *contingencies which curtail the customer's spendable income.*

Efficiency is required in the handling of time-payment accounts because of the cost elements involved. But many retailers have systematized their credit offices until the cost approaches the absolute minimum.

Wise retailers and consumers know that time-payment plans should be used with caution. Unpaid accounts inflict a burden on the trade—hurtful to both retailer and

consumer. If all such accounts were paid promptly, costs which inevitably must be passed on to the consumer would be lowered materially. Such plans tempt the consumer to overbuy and the retailer to oversell. Both benefit when they keep in mind the possibility of contingencies arising which may prevent fulfillment of the sales agreement. Both benefit by guarding against burdening the spendable income too heavily—by maintaining a liberal margin for the unexpected.

The primary purpose of all time-payment plans is the selling of merchandise. Through time-payment plans, the retailer allows the customer to buy against his future income; he is providing a convenience service which involves handling costs.

The retailer is interested in selling merchandise—in recovering his operating and merchandise costs, together with a return for his management ingenuity, his risk and capital investment in the business. He strives to increase his sales volume. Without adequate volume, it is virtually impossible for a retailer to compete with stores which have adjusted their policies to the needs and demands of the buying public. In addition to being a service to the customer, the selling of goods on credit is an effective means of increasing sales volume.

Sales volume influences operating expense. Lowest expense costs are attained by stores with relatively large volume. Hence the constant effort of retailers to increase their sales volume. This effort makes competition keen—and competition insures the consumer a fair price, regardless of whether purchases are made on time-payment plans or by the payment of cash.

Coin-Coaxing "Closers" For Your Collection Letters

(*Continued from page* 26.)

may find among the following just the "closer" that will induce your delinquent debtor to "dig up":

"We must now insist that this account be settled in full by --------. We cannot carry it longer."

OR

"It is imperative that we hear from you by --------."

OR

"By remitting immediately, you will avoid the annoyance, embarrassment and expense of court proceedings."

OR

"We shall withhold further action seven days."

OR

"I am writing this final letter in order to give you an opportunity to adjust your account amicably direct with us."

OR

"It is, therefore, certainly to your advantage to settle this claim before additional costs are added."

OR

"We must have payment by --------. This letter is FINAL!"

OR

"Unless this is paid by -------- you leave nothing for us to do but refer this to our attorneys with instructions to take the necessary steps to protect our interests."

And if he does not pay, keep your word and *do as you say!*

"Impress Upon Their Minds The Importance of Good Credit"

That's Just What This Little Booklet Does!

✦ ✦

"How to Use Your Credit to Best Advantage"

This is the title of a little 12-page booklet prepared by the National Office to promote *better customer understanding* of the use and, likewise, the *abuse* of credit privileges. Dignified, courteous, understandable—it tells customers, *in an understandable and impersonal way,* the things you would like to tell them about credit but dare not for fear of giving offense.

Members, the country over, are using it. Hardly a day passes but that we get letters telling us of its effectiveness. The letter at the right is from a credit executive who has used over 30,000 copies—who orders them in 10,000 lots, and uses them on new customers and inactive accounts, as well as "slow pays."

What is more, he has a special message of his own imprinted on the back cover!

Local associations can use it—with a proper local message imprinted on the back cover—*to build a community understanding of credit and its proper use.*

The prices are 3c each in lots of 100—2½c each in lots of 1,000—plus parcel post or express charges. Local associations are invited to write for prices in large quantities and for local imprints on the back cover. (*Size, 3¼" x 6¼".*)

Address all orders and inquiries to: National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

P.S. A few sample pages are shown below.

Duval Jewelry Company

Jacksonville, Fla
January 16, 1937

OFFICE OF THE CREDIT MANAGER

Mr. L. S. Crowder
General Manager-Treasurer
National Retail Credit Association
1218 Olive Street
St. Louis, Mo.

Dear Mr. Crowder:

We are extensive users of the booklet, "How to Use Your Credit to Your Best Advantage," which we obtain from the National Association and we consider it very useful.

We use this booklet in the following manner:

> When new customers open charge accounts with us we write them a letter thanking them for their business. In this letter we explain to them the exact terms of their payments. We also call their attention to the little booklet which we are enclosing— "How to Use Your Credit to Your Best Advantage"— and ask them to kindly read it.

We cannot help but feel that when customers read this booklet it will impress upon their minds the importance of good credit and also the importance of paying their accounts according to agreement.

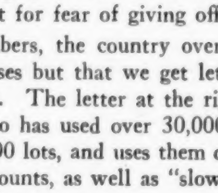
I have had many compliments from our customers on this little booklet. We also use this booklet on any re-opened account (that has been inactive for three months) by mailing the customer a copy of it with a letter thanking him for the privilege of making another charge to his account.

Yours very truly,

W. F. Esser

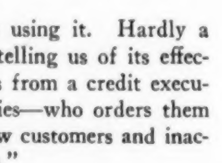
W. F. ESSER,
CREDIT SALES MANAGER.

WFE/J



A GOOD CITIZEN must have Good Credit. Credit to most of us means the acquiring of something of value without having to pay for it immediately, but it has a more important aspect. It functions today as an economic stimulus to better living and we should safeguard it and conserve it as we do our health.

Nearly sixty percent of the total retail business transacted annually is done on some form of credit. In its modern usage, Retail Credit is divided into two kinds, i. e., **the Monthly Charge Account** and **the Time Payment** or **Installment Account.** Both have their place in our economic welfare and both are well defined in their use.



The Monthly Charge Account provides the privilege of charging our purchases on one month's bill and paying for them between the **first** and **tenth** of the following month. Bills are due for settlement on the **first** but ten days are allowed as a courtesy and convenience. The **tenth** of the **month** is therefore the "dead-line" or **National pay day for retail merchants, professional men and all others who have shown faith in us.**

The Time Payment or Installment or Deferred Payment Account also has a set pay day. It is either weekly on a specified day, or monthly, semi-monthly, quarterly,

Everything in a home can be bought on credit—the house itself, the heating plant, bathroom fittings, furniture, even repairs and alterations.
Credit has contributed a great deal to the increased comfort of modern living.

possible on some form of deferred payment. Groceries, clothing, house furnishings, fuel, light, water and gas are all given to us on our promise to pay. The many things that go to make our lives livable are ours by virtue of this right gained through a good reputation. The Dentist and the Physician render their services on credit. Gifts and remembrances to our family and friends are so acquired. The automobile, radio, electric refrigerator, and many other accessories necessary to satisfy our modern desires and maintain prestige amongst our friends are available on credit. And to some of us comes the hour of